

From: James C McCrea <[REDACTED]>
Sent: Wednesday, June 16, 2010 4:52 PM (GMT)
To: 'Heimert, Kimberly' <[REDACTED]@hq.doe.gov>
Subject: FW: 28 Day Clock

FYI

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: James C McCrea [REDACTED]
Sent: Tuesday, June 15, 2010 11:19 PM
To: 'Silver, Jonathan'
Subject: RE: 28 Day Clock

Jonathan –

I do not have a good sense of why the DOE and OMB agreed to the 28 day clock following Solyndra. Perhaps Matt might have a better answer. I do know that it was designed to fit inside the Final Rule requirement (§609.9(f)) that an updated credit rating must be provided to the Secretary not later than 30 days prior to closing. The meaning of this requirement was debated during the Solyndra closing and the legal conclusion was that it meant no closer to closing than 30 days prior.

The credit rating cannot be obtained until the transaction documents are “near final” which I have been telling deal teams means the last turn before execution version when everything that could affect the credit rating is agreed upon and only minor elements of the main documents are being worked on. I have been explaining this to give them some leeway from having to have fully negotiated documents. Other less fundamental transaction documents may be in the process of being drafted but their content would not have credit implications.

Once the credit rating comes in, it takes Credit 2-3 days to review it and prepare the required cross walks to the earlier credit assessment that came in with the application and as well as the explanation of any differences between the DOE rating and that of the external credit rating. Both of those analyses are required by the agreement between DOE and OMB.

The more I think about it, I am not sure that the counsel and deal teams will generally be ready to close much before the 28 days have run. They have to do the final turn of the major transaction docs. They also have to complete the other transaction documents, negotiate opinions, confirm that all CPs have been met, and do all the other mechanical aspects of closing, get final cash flow schedules with final interest rate and spreads. They have to submit the final cash flows on which the transaction will close to OMB no later than 3 days prior to closing so that the numbers can receive final approval and the various steps to obligate can be taken which involved OMB, the CFO's office along with Loan Programs. My guess (although Kimberly Heimert or Ruth Ku could perhaps give a more precise perspective based on First Wind and Beacon) is that there is close to 3 weeks of work best case to get the transaction fully ready to close. Thought about that way, I am not sure that the 28 day process really is as much of a constraint as it might appear at first glance. Could it be speeded up a bit? Likely although not likely by more than a week in my view best case. In an ideal world, we would all strive to beat 28 days by as much as we can and get the Secretary to waive the 30 day requirement on the credit rating so we can close when everyone agrees that they are ready.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

JM_00074617

November 6, 2010

MEMORANDUM FOR DEPUTIES

FROM: JOE ALDY

SUBJECT: Estimating the Implicit Subsidy of State Renewable Portfolio Standards

The principals agreed on total subsidy benchmarks for conventional commercial and innovative technology projects in the 1705 program. The principals concurred with the agreement by deputies that the total subsidy calculation would include the following: the 1603 grant (for renewable projects), 48C tax credit (for manufacturing projects), state tax credits, 5-year depreciation for renewables, value of the loan guarantee, and the benefits from selling at above-market rates into states with renewable portfolio standards (RPS). For the calculation of the RPS benefit, deputies had suggested that it would be based on a plug-in value estimated from the average of relevant conditional commitments to date. This memo presents RPS benefit estimates for three 1705 generation projects that have received conditional commitments.

RPS Benefits in 1705 Wind, Geothermal, and Solar Generation Projects

Based on independent credit reports solicited by the DOE loan guarantee program and from public documents submitted to state public utility commissions, Treasury staff generated estimates of the RPS benefit for the Shepherds Flat, USGeothermal, and Abengoa projects.

Estimated RPS Benefits as a Share of Total Project Costs for Three 1705 Projects

<u>Shepherds Flat</u>	<u>USGeothermal</u>	<u>Abengoa</u>	<u>Average</u>
12%	20%	16%	16%

These RPS benefits are estimated for the life of the power purchasing agreements (PPA) each facility has that enables compliance with a state RPS. In all three cases, the present value of the benefits are generated with a 10% discount rate and discounted to the first year of the PPA. The 10% rate exceeds the rates on the guaranteed and non-guaranteed debt in these transactions, but serves as a conservative, round value. A few comments on the calculations in the attached spreadsheets:

- In the Shepherds Flat analysis, the benefit estimate reflects the cost borne by Southern California Edison, as reported to and approved by the California PUC, for the PPA and the complementing natural gas power contract necessary to back-up the intermittent wind resource relative to California's reference market price. The reference market price is adjusted to reflect the value of the greenhouse gas adder.
- The USGeothermal analysis includes several calculations: (1) PPA versus market prices; (2) PPA versus estimated long-run prices (based on the constant change in market prices in the later years of the PPA); and (3) PPA versus the reference market price, also adjusted to reflect the value of the greenhouse gas adder. The estimated benefit of 20% is from the third of these

analyses, and is similar to the long-run cost analysis (21% subsidy) but much lower than the market price analysis (33% subsidy).

- The Abengoa analysis is based on comparing the PPA pricing to the levelized (long-run) cost of new natural gas generating capacity. This is a conservative estimate considering the assumed levelized cost of new natural gas generating capacity in the Abengoa credit report is 11¢/kWh, which is about 50% higher than what EIA assumed in its most recent Annual Energy Outlook.

Options

In light of this analysis, we would like to tee up three options for consideration by deputies:

1. Use the average value of 16% as the plug-in value for all 1705 renewable generation projects that market power to a state with a renewable portfolio standard.
2. Employ technology-specific plug-in values based on the technology-specific estimates for wind, geothermal, and solar from the table above.
3. Calculate project-specific RPS benefits estimates for 1705 applications in the pipeline. This would reflect data presented in credit reports and in public documents submitted to state public utility commissions. It would suggest that DOE should ensure that independent consultants continue to generate a “no RPS” scenario or a pricing based on the long-run cost of natural gas generating capacity scenario in their credit reports.

Please let me know of your agency’s preference and we will attempt to secure interagency consensus via email. If we cannot reach consensus through email exchange, we will convene another meeting of the deputies.

From: John Woolard
Sent: Wednesday, January 13, 2010 12:21 AM
To: Joshua Bar-Lev; 'Kline, Steven L.'
Subject: RE: DOE Loan Guarantee

Should work well – will be in car around 3:30pm EST. JW

From: Joshua Bar-Lev
Sent: Tuesday, January 12, 2010 4:17 PM
To: Kline, Steven L.
Cc: John Woolard
Subject: RE: DOE Loan Guarantee

Perhaps best to try for late tomorrow, after we see results of the meeting and while John is en route to airport and can brief us. John, how does that work for you?

From: Kline, Steven L. [REDACTED]
Sent: Tuesday, January 12, 2010 4:12 PM
To: Joshua Bar-Lev
Cc: John Woolard
Subject: RE: DOE Loan Guarantee

Joshua:

I'm really sorry (on multiple dimensions) to hear that the saga continues...
I'm in SF this week, and definitely will make time for a conversation.
Let me know what works for you.

S

From: Joshua Bar-Lev [REDACTED]
Sent: Tuesday, January 12, 2010 12:42 PM
To: Kline, Steven L.
Cc: John Woolard
Subject: DOE Loan Guarantee

Steve, would you have a few minutes to discuss both 1) status of our efforts with DOE, and then 2) our strategy of trying to meet with 3-4 members (Reid, Boxer, Bingaman, maybe Feinstein) in early February to either say "huge problem, need your help" or "thank you for your assistance, but it could have been better" or something like that. John (and Jack et al) is arriving this afternoon in DC to have what we hope will be concluding and positive negotiations. Perhaps the two of you can meet briefly for coffee to catch up. Otherwise lets find a time to talk in next two days? For the Feb meetings, we are thinking that perhaps Peter would fly to DC to join a delegation of Vantage Point's chair Alan Salzman, Bechtel's representative, PG&E's chair Peter Darbee, and John Woolard. Joshua

Email secured by Check Point

Jonathan Silver

From: Peter O'Rourke [REDACTED]
Sent: Thursday, August 04, 2011 11:19 PM
To: jonathan [REDACTED]
Cc: Matt Winters
Subject: Re: update

between you/matt/s2 and SolarCity's major push, it was a very effective.

On Thu, Aug 4, 2011 at 10:49 PM, Jonathan Silver <[REDACTED]> wrote:

Perhaps our additional efforts paid off.
They can't hate us much more than they do. Its so much fun to end run them.

Jonathan Silver

[REDACTED]

From: "Peter O'Rourke" <[REDACTED]>
Date: Thu, 4 Aug 2011 22:34:08 -0400
To: Jonathan Silver <[REDACTED]>; Matt Winters <[REDACTED]>
Subject: update

I've been told that the WH will call tomorrow and tell DOE that Strong is a 'go' and should move as quickly as possible Will believe when see it.

From: John Woolard
Sent: Wednesday, January 13, 2010 9:53 PM
To: 'stevonn.kline'; Joshua Bar-Lev
Subject: Fw: DOE update

Would add the Ivanpah is only 300 MW of a 1300 MW commitment from BSE to PGE. Without the DOE loan guarantee PGE is at risk for losing entire commitment and CA is at risk for RPS requirements.

----- Original Message -----

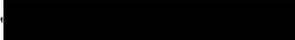
From: John Woolard
To: Darbee, Peter
Sent: Tue Jan 12 20:02:43 2010
Subject: DOE update

Peter - I understand that you might be having breakfast with Secretary Chu tomorrow morning. We have now finalized every issue with DOE and undergone extensive technical and credit policy review. I believe it is safe to say that there are no outstanding issues with the loan guarantee, and we are simply stuck in the bureaucracy. We have a 400 MW project that is the most advanced of any project in the US from a permitting perspective, Bechtel is the EPC contractor assuming major risks on performance and cost, and DOE needs to get this deal done so that we can move forward. The risk is absolutely de minimus relative to the \$14 billion nuclear project in the southeast with unproven nuclear technology that DOE has approved; we are boiling water to generate steam in a project that is 1/5 of the size.

It seems that there is no resistance at DOE but a fear of moving forward and a paralysis of analysis. If you want to drive the point home, you could let him know that if it is not approved we would likely move to build projects in China as it will be the final signal that the US is dysfunctional (only use this for emphasis if needed, of course we would work with PG&E on alternatives, but I think DOE needs to understand that their (in)actions have consequences). Thanks in advance if there is any way you can help move this forward. Bechtel and BrightSource are in a detailed project review and are ready to move this project forward. Regards, John

John Woolard / BrightSource Energy / [REDACTED], Oakland, CA 94612 / [REDACTED] / [REDACTED]



Morgan Wright 

Re:

4 messages

Morgan Wright 

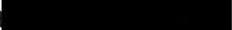
20 January 2010 01:12

Reply-To: 
To: Jonathan 

Looks like we have two options tomorrow, both getting in late. There are no direct flights. Either way we'll be back for the full day on Thursday. I can work on the plane if you can send me anything in the morning.

M

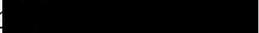
-----Original Message-----

From: Jonathan Silver
To: Morgan Wright
ReplyTo: Jonathan 
Subject: Re:
Sent: Jan 19, 2010 09:49

I'm going to need you both back before then.
Mtgs tomorrow with omb and treasury. Thursday with Larry Summers and Carol Browner. Friday with Rahm.
Jonathan Silver



-----Original Message-----

From: "Morgan Wright" < >
Date: Tue, 19 Jan 2010 13:54:12
To: <Jonathan  >
Subject: Re:

Thursday night around 9pm. About to get on plane now. I can call you from Dallas. Between email and eFax we should be ok but I'll check flight schedules for tomorrow as well.

-----Original Message-----

From: Jonathan Silver
To: Morgan Wright
ReplyTo: Jonathan 
Subject:
Sent: Jan 19, 2010 08:44

When are you and Dan back?
You may need to come back earlier. We have major White House briefings tomorrow and at the end of this week.
Jonathan Silver





Jonathan Silver <Jonathan [redacted]>
Reply-To: Jonathan [redacted]
To: Morgan Wright [redacted]

20 January 2010 06:03

Don't bother now, I think. The key mtg is Thursday at 11 and I need the work done today.
We'll manage, but, good reminder that three days for a conf is probably too much.
Hope its useful.
J

Jonathan Silver



-----Original Message-----

From: "Morgan Wright" <[redacted]>
[Quoted text hidden]

Morgan Wright <[redacted]>
To: Jonathan [redacted]

20 January 2010 10:28

The better lesson is probably don't go to conferences in locations without multiple direct flights available.
The instant we got on the plane yesterday morning the earliest we could get back is 5:30 this evening. Either way our flights are changed and we get in tonight.

My fax is [redacted] Send me stuff if you can.

[Quoted text hidden]

Jonathan Silver <Jonathan [redacted]>
To: Morgan Wright [redacted]

20 January 2010 10:32

Great, but not necessary now. The document is in production and the mtg is tomorrow at 11.
Don't worry. If its useful, stay. If its not useful, come back.

Jonathan Silver



From: Morgan Wright <[redacted]>
Date: Wed, 20 Jan 2010 10:28:38 -0500
To: <Jonathan [redacted]>
Subject: Re:
[Quoted text hidden]

Jonathan Silver

From: Peter O'Rourke [REDACTED]
Sent: Tuesday, August 02, 2011 4:41 PM
To: Jonathan Silver

Subject: strong

Matt has said that Strong will not be eligible for 1703, per the WH and Poneman... this is going to be a disaster. They will delay so that we can't close by Sept 30, and it's not going to get 1703.

I'm really uncomfortable with how this is being handled, from a reputation and other standpoints.

ROACH DRY LAKE, Nev. — Not a light bulb's worth of solar electricity has been produced on the millions of acres of public desert set aside for it. Not one project to build glimmering solar farms has even broken ground. Instead, five years after federal land managers opened up stretches of the Southwest to developers, vast tracts still sit idle.

An Associated Press examination of U.S. Bureau of Land Management records and interviews with agency officials shows that the BLM operated a first-come, first-served leasing system that quickly overwhelmed its small staff and enabled companies, regardless of solar industry experience, to squat on land without any real plans to develop it.

At a time when the nation drills ever deeper for oil off its shores even as it tries to diversify its energy supply, the federal government has, so far, failed to use the land it already has — some of the world's best for solar — to produce renewable electricity.

Nowhere is this more evident than in Nevada, where a Goldman Sachs & Co. subsidiary with no solar background has claims with the BLM on nearly half the land for which applications have been filed, but no firm plan for any of the sites.

The Obama administration says it is expediting the most promising projects, with some approvals expected as soon as September. And yet, it will be years before the companies begin sending electricity to the Southwest's sprawling, energy-hungry cities.

"Clearly we spent a lot of time and effort on oil and gas, but those priorities have changed," Ray Brady, BLM's head of energy policy in Washington, told the AP.

Congress in 2005 gave the Interior Department a deadline: approve 10,000 megawatts, or about five million homes' worth during peak hours, of renewable energy on public lands by 2015. Reaching that goal was left to the BLM, which oversees federal land and knows oil, gas and mining leases but is new to solar.

The Bush administration, however, kept BLM's focus on oil. BLM's database of solar applications shows many languished for years while the agency approved more than 73,000 oil and gas leases in the last five years. BLM has yet to give final approval to one solar lease.

BLM's solar leasing system ended up allowing developers to lay claim to prime sites — many located in the deserts that span California, Nevada and Arizona. All developers had to do was fill out an application, pay a fee and file development plans.

But many were so vague that it was difficult for BLM to separate the serious projects from the speculative ones.

"People were making (solar) applications on federal lands not knowing what kind of technology to propose and ... how to develop the land," Brady said.

In the Southern California desert near Palm Springs, for example, San Diego-based LightSource Renewables filed an application in August 2008 for 2,500 acres, BLM records show. The small, two-person development firm knew enough to recognize the land's worth — it was close to transmission lines — but had no previous experience with such projects.

Co-founder Paul Whitworth said it is now focusing on getting private land, and is not pursuing plans for its BLM site. The agency, however, still considers the application active, meaning other interested firms cannot access it.

"We don't know what technology will win or lose, and certain sites cater to certain technologies, but a good site is a good site," Whitworth said when asked why they filed their application. The firm has never filed a development plan, records show.

While dozens of smaller firms like Lightsource joined in the rush, BLM records show two Goldman subsidiaries filed 52 of the 354 applications throughout the region, more than any other company.

"Those 52 applications are an example of the problem of clogging up the system," said V. John White, executive director the Sacramento, Calif.-based Center for Energy Efficiency and Renewable Technologies, a clean-energy advocacy group, in an e-mail. The system has limited access by experienced solar developers to the best sites.

"Some of these lease applications tied up more land than would be needed for a real project," he said.

For example, records show Goldman-owned Cogentrix Solar Services, LLC, the subsidiary with no previous solar experience, has a pending application for 13,440 acres in Nevada for a 1,400-megawatt solar plant. Another claim on land nearby asks for 22,400 acres for the exact, same-sized plant.

BLM records show other companies proposing the same type of solar plants were asking for 6,000-7,000 acres.

Over the years, BLM rejected applications or companies withdrew them, bringing the total active applications to 123.

Some of Goldman's California applications were withdrawn after U.S. Sen. Dianne Feinstein proposed last year that part of the Mojave Desert where some of the projects were proposed be declared a national monument. Now Goldman holds 10 of the 123, including eight that cover nearly half the land proposed for solar in Nevada.

An AP review of BLM's applications database found Cogentrix has staked more development claims in the Southwestern deserts than any other company. In Nevada alone, Cogentrix has applied for exclusive development rights on nearly as much federal land as all other companies combined. Its active lease applications cover about 120,000 acres — the equivalent of more than eight Manhattans.

"Goldman Sachs was one of the first applicants to dot the map with potential projects, and since then they haven't moved on any of them," said Gregory Helseth, the BLM's new renewable energy project manager in southern Nevada. "You can't hold the land forever. You can't be a prospector and hope somebody down the road wants to buy."

A Goldman representative defended the firm's solar investments, saying the Wall Street titan has since gained experience through its 2009 purchase of an aged solar facility in San Bernardino, Calif., that it was moving forward in good faith and was not blocking anyone. The company also announced this month it had reached a deal to build a small, 250-acre project in Colorado on private land.

"While we continue to pursue development of projects utilizing public lands in the Southwest, we have not held land reservations if they are determined not to be viable for future solar development," company spokesman Ed Canaday said in an e-mail.

The Obama Administration has identified 14 promising "fast-track" projects targeted for approval by year's end so they can qualify for stimulus funding. None of Goldman's claims are among them.

When completed, these facilities could generate 6,000 megawatts, enough electricity for several million homes during peak hours. There is a ready market for big plants, with California's strict climate change laws creating a huge demand among utilities for solar power.

Companies that hold BLM solar development applications are prohibited from selling them, but the companies themselves can be sold along with the potentially lucrative applications.

Tempe, Ariz.-based First Solar, an industry leader and a maker of solar panels, bought two smaller companies, including the companies' land rights and power agreements with utility companies. First Solar paid about \$400 million for

OptiSolar and \$285 million for NextLight. Analysts say the sale value of both companies likely was increased because they held BLM solar development applications.

First Solar spokesman Alan Bernheimer said the acquisitions were valued on the companies' signed agreements with utilities not on their BLM land positions.

In September, at least two of the "fast-track" projects — by Oakland, Calif.-based BrightSource Energy and by First Solar-owned Nextlight — are expected to get the first solar permits issued by BLM. Bringing plants online however will likely take years.

These fast-tracked sites are located on either side of the dormant Goldman lease near Roach Dry Lake, located about 35 miles south of Las Vegas, and will utilize the same Southern California Edison transmission lines that pass over Goldman's site.

Goldman spokesman Canaday said the company is still trying to work out a deal with a utility.

And BLM's Helseth said he still is seeking final plans from Goldman and Cogentrix. He said the agency's main problem was that there were too few employees available to work on the applications.

Under Obama administration, more BLM staff like Helseth have been hired to help weed out dormant applications so developers better suited for the job can be found. Officials say the administration is trying to avoid future land rushes by identifying the best solar locations with the fewest environmental impacts, rather having a free-for-all.

Critics say BLM should have done this in the first place and help avoid years of delay.

"BLM let people file applications willy nilly wherever they wanted," said Johanna Wald, a land-use attorney with the Natural Resources Defense Council.

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Jennifer Z. Rigney
Corporate Communications
BrightSource Energy

p: [REDACTED]
c: [REDACTED]
e: [REDACTED]

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(37.2KB)
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From: John Woolard
Sent: Wednesday, October 13, 2010 10:51 PM
To: Keely Wachs; Joshua Bar-Lev; Arthur Haubenstock; John Mulligan
Cc: Natalie Schaefer; Jack Jenkins-Stark
Subject: Re: Event - Secretary of Energy

Let's use Jonathan - speaking in front of 500 people about our project will put him in a great negotiating position for last minute issues -

From: Keely Wachs
To: John Woolard; Joshua Bar-Lev; Arthur Haubenstock; John Mulligan
Cc: Natalie Schaefer; Jack Jenkins-Stark
Sent: Wed Oct 13 15:04:03 2010
Subject: FW: Event - Secretary of Energy

Fyi – my feeling on the matter is we should try to leverage this to get an absolute with the Gov. He's a tentative yes and his people are pushing hard for his participation.

I'd love to have the Secretary there, but all of the invites are out with 160 participants already confirmed. If this were Obama or Biden, we'd have to do it, but I am not sure that this is the case in this instance. Thoughts?

Pls don't share externally.

Thanks,
Keely

From: Taylor, Sonia [REDACTED]
Sent: Wednesday, October 13, 2010 2:54 PM
To: Keely Wachs
Subject: Event - Secretary of Energy
Importance: High

The Secretary of Energy says he can come out there if the event is on 10/25 or 10/22. I know you already sent out invites.. and I know this is not ideal.. but unfortunately, this is what I can offer. If you don't move the date of the event, Jonathan will come.

Thanks!

Sonia Taylor
Loan Programs
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585
Room: [REDACTED]
(O) [REDACTED]
(C) [REDACTED]

From: Carlos Aguilar
Sent: Monday, June 07, 2010 9:12 PM
To: 'andrew [REDACTED]'; Dana DuFrane; John Woolard; Joshua Bar-Lev; Charles Ricker; Keely Wachs
Subject: Re: President Visit and Renewable Energy/Climate Change

Correct we saw it in the news here. Oil spill angst.

Carlos F Aguilar
BrightSource Energy/Tel. [REDACTED]/Cel. [REDACTED]

From: Andrew Dyer [REDACTED]
To: Dana DuFrane; John Woolard; Joshua Bar-Lev; Charles Ricker; Carlos Aguilar; Keely Wachs
Sent: Mon Jun 07 14:06:51 2010
Subject: Fw: President Visit and Renewable Energy/Climate Change

fyi - reply from the US Ambassador. The President cancelled his trip here over the weekend due to the ongoing issues in the Gulf.

But, looks like Jeff is out there pitching for us. NBLF = National Business Leaders Forum here in Australia - www.nblf.com.au

AD

----- Forwarded Message -----

From: "Bleich, Jeffrey L" [REDACTED]
To: Andrew Dyer [REDACTED]
Sent: Mon, June 7, 2010 9:21:54 PM
Subject: RE: President Visit and Renewable Energy/Climate Change

Dear Andrew,
Thank you for the nice note and materials, and congratulations on the DOE loan approval. I just gave a talk at the NBLF on U.S. investment in this technology and I agree that there is a good deal of information to share between our governments. I'm sorry that I'll miss you July 5-7; Diane is correct that I'll be on the road then. But I do hope we'll catch up soon.
All the best,
Jeff

From: Andrew Dyer [REDACTED]
Sent: Friday, June 04, 2010 10:22 AM
To: Bleich, Jeffrey L
Subject: President Visit and Renewable Energy/Climate Change

Dear Jeff

I trust this email finds you and Becky both well and that everyone is now settled in and enjoying our country.

Just following up from our recent discussion in Ballarat - I think there is a terrific opportunity with the President's proposed visit to Australia for him to promote to our Prime Minister and others the very direct action the US Government is taking to facilitate investment and action on large scale renewable power generation.

The US Federal DOE loan guarantee programs, coupled with the investment tax credit grant programs, are enabling companies like BrightSource Energy to confidently proceed with projects beyond a scale ever contemplated before to deliver reliable solar power to the US power grid.

Not only are these actions building critical assets to underpin the future sustainability of the US, they are also creating new industries, employment and bringing in significant foreign investment into the US.

Australia is still struggling to get such projects off the ground, amid times of uncertainty with ETS/CPRS, the RET and changes to resources rent taxes. Yet, much could be learned and achieved by adopting similar programs to what the Obama administration has put in place, such as the DOE loan guarantee program, creating the ability to progress a wider portfolio of projects in parallel.

Here is the link to the recent announcement by the US DOE regarding the conditional approval of a \$US1.4bn loan guarantee to help finance the BrightSource Energy Ivanpah project, a 400MW large scale solar thermal plant located in the Mojave desert:

<http://www.energy.gov/news/8675.htm>

Also, I have attached the recent press release announcing a further \$US150m of capital raised by BrightSource to help develop additional projects and assist with its overseas expansion into markets including Australia. A major component of these additional investment funds came from Alstom, a global provider of power systems and services, based in Europe, and further direct evidence of confidence in both the environment created in the US for renewable projects, along with confidence in the BrightSource management team and execution ability.

Other key investors in BrightSource include Chevron, Google and Vantage Point Venture Partners. Bechtel is the selected construction firm for Ivanpah and is an equity investor in that project. Further information on BrightSource can be found at www.brightsourceenergy.com

Let me know if this topic and the offer to share US best practices with Australia could be worthy of discussion during the President's visit here and if we can provide more details to support the brief. The Australian Government has certainly indicated its strong desire to see projects of the scale of Ivanpah be developed here and BrightSource would be delighted to develop/support such projects in Australia if the right mechanisms are in place.

Look forward to catching up again at some stage soon. I will be in Canberra next on July 5-7th, but understand from Diane you will be in the US. Hopefully we will be able to find another time either in Canberra or Melbourne.

Best wishes to you both.

Andrew Dyer
[REDACTED]

From: John Woolard
Sent: Sunday, December 20, 2009 8:37 PM
To: 'smcbee [REDACTED]'; Joshua Bar-Lev
Subject: Re: BrightSource

Sure - 3pm pacific works for me but could do earlier if it helps. JW

----- Original Message -----

From: Steve McBee [REDACTED]
To: Joshua Bar-Lev; John Woolard
Sent: Sun Dec 20 11:39:49 2009
Subject: Re: BrightSource

Do u guys have time this aft for a quick call?

From: Joshua Bar-Lev [REDACTED]
To: Steve McBee; John Woolard [REDACTED]
Cc: Angela Becker-Dippmann; Matt Brown; Gabe Horwitz; Jeff Markey
Sent: Sun Dec 20 14:36:33 2009
Subject: Re: BrightSource

Do all of you think we should have vantage point insist on a mtg with chu or silver or rodgers? Should john or I try to fly out for something similar? Looking for some game changer but perhaps we've done all we could. Is dc shut down by the snow or is there some impact we could make? Joshua

Sent using BlackBerry

----- Original Message -----

From: Steve McBee [REDACTED]
To: John Woolard; Joshua Bar-Lev
Cc: Angela Becker-Dippmann [REDACTED]; Matt Brown [REDACTED]; Gabe Horwitz [REDACTED]; Jeff Markey [REDACTED]
Sent: Sun Dec 20 09:07:45 2009
Subject: FW: BrightSource

From: Steve McBee
Sent: Sunday, December 20, 2009 12:07 PM
To: Ward, Stephen (Bingaman); 'Simon, Bob (Energy)'; Carr, Michael (Energy)
Subject: BrightSource

Guys, hope you're successfully digging out of the snow!

Wanted to let you know that the BrightSource application appears to be moving apace at OMB and has a fighting chance of getting over to DOE in time for consideration in front of the CRB (responsible for final approval) in time for their last meeting of the year on the 22nd.

DOE is another story. We are hearing that despite a strong push by Silver, Spinner, Rogers and others internally, the process is getting sideways by any number of bureaucratic hold ups and that there is now real potential for consideration of the project to slip until next year.

At this point, the end game gets entirely to the integrity of the LPG program. If the project slips, not only will the groundbreaking slip to 2011 but the strong likelihood is that the project (at this point the largest solar project in the world) will be redeployed to China as any further delay at this point will strand capital and long lead assets that have already been acquired based on an initial deadline by DOE for approval/non-approval by Labor Day. Not only will this be a huge blow to the US competitive position in this market vertical, but project collapse means the loss of the thousand-plus construction jobs associated with the project and compromises PGE and So Cal Edison from meeting their state-based RPS requirements.

ANYTHING you guys would be willing to do with DOE in terms of moving the process would be deeply appreciated. We believe the project stands on its own and are prepared to accept whatever decision the DOE makes. Key for us is getting a decision made so the company can move forward or move on.

I know you guys are super busy and that you don't have a stake in the outcome - but I know you have a huge stake in the integrity and reliability of the program processes. I think in that respect this project represents a threshold moment for the program given its visibility in Silicon Valley and the broader clean-tech industry.

Any inputs you'd be willing to provide tomorrow along these lines to the DOE would be hugely appreciated. Tuesday (the day of the CRB mtg) represents the end-game so tomorrow is the last chance for input. Will give you a holler tomorrow to discuss directly.

THANK YOU very much. You guys have been awesome over the past several weeks on this matter during what I know is a super busy time. Best, Steve

steve mcbee president

T [REDACTED] F [REDACTED]

Washington, DC 20004

[REDACTED]

[REDACTED] - [REDACTED]

[WWW.MCBEESTRATEGIC.COM](http://www.mcbeestrategic.com) <<http://www.mcbeestrategic.com/>>

Email secured by Check Point

From: Roger McDaniel <[REDACTED]>
Sent: Tuesday, November 16, 2010 10:43 PM (GMT)
To: 'jim McCrea' <[REDACTED]>
Subject: RE: RPS

As Jonathan requested, I'll draft something explaining the RPS issue.

Roger McDaniel
Contractor
United States Department of Energy
[REDACTED]

-----Original Message-----

From: jim McCrea [REDACTED]
Sent: Tuesday, November 16, 2010 5:38 PM
To: 'Silver, Jonathan'; 'Winters, Matthew'; 'Barwell, Owen'
Cc: 'Otness, Chris'; Roger McDaniel
Subject: RE: RPS

Out of Credit Committee pre brief on Agua. Went well. RPS meeting tomorrow is fine. The pre-brief I was referring to is of S2 on Agua on Monday afternoon in advance of the currently scheduled Tues next week CRB.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]

-----Original Message-----

From: Silver, Jonathan [REDACTED]@hq.doc.gov]
Sent: Tuesday, November 16, 2010 5:22 PM
To: [REDACTED] Winters, Matthew; Barwell, Owen
Cc: Otness, Chris
Subject: Re: RPS

If pre brief is for agua, rps trumps, since without, its not fast track. Let me know and I'll have it rescheduled.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy
[REDACTED]

----- Original Message -----

From: [REDACTED]
To: Silver, Jonathan; Winters, Matthew; Barwell, Owen
Cc: Otness, Chris

JM_00152715

Sent: Tue Nov 16 16:34:30 2010
Subject: Re: RPS

There was a pre-brief of S2 scheduled for next Mon afternoon. Will work to pull something together on RPS and to review the Aldy work.

Jim
Sent via BlackBerry by AT&T

-----Original Message-----

From: "Silver, Jonathan" <[REDACTED]@hq.doe.gov>
Date: Tue, 16 Nov 2010 16:20:16
To: [REDACTED]; Winters, Matthew <[REDACTED]@Hq.Doc.Gov>; Barwell, Owen <[REDACTED]@hq.doc.gov>
Cc: Otness, Chris <[REDACTED]@Hq.Doc.Gov>
Subject: Re: RPS

I doubt the crb will take place next tuesday.

Do not set a briefing.

Let's do a text piece that explains the rps issue in more detail. To the extent we can cite one of the projects aldy used, so much the better.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

----- Original Message -----

From: jim McCrea <[REDACTED]>
To: Silver, Jonathan; Winters, Matthew; Barwell, Owen
Cc: Otness, Chris
Sent: Tue Nov 16 15:51:24 2010
Subject: RE: RPS

It is pretty simple. Agua Caliente is a good example. The total subsidy is 56% using 5% for RPS. If we deduct 5% and add 16% we are at 67% and do not meet the 65% fast track requirement. As to the merits of 16%, we have no clue of the value of the RPS and believe that it varies from state to state, project to project, etc. It is a huge time sink to try to develop such values. To date, the fast track process is consuming significant man hours and expense and is not yielding any benefit.

16% is a very large number that plays havoc against a standard like Treasury is imposing. Further, it presumes that the project and therefore, the developer is getting the benefit. In fact, the benefit of the RPS gets spread around and the developer, at best, keeps only a piece of it. The rest of the RPS benefit goes to the utility, the rate payers and other parties. I used to see the same question in leveraged leases where everyone seems to think that the leveraged lease equity get a ton of tax benefits. In fact, leveraged lease equity is competitively bid and the bulk of the tax benefits are transferred to the seller in the form of a lower implicit rate for the financing. Same thing happens with RPS.

On a related topic, I have heard nothing from Jud today and do not know whether we are on a fast track process or not for Agua Caliente. Kelly is asking that we set up a briefing but it is my understanding from the part of the WH meeting that I was in that fast track would not include any briefings. I do not want to set a briefing and in doing so inadvertently concede that this is not fast track. Hence, I am holding off on responding to OMB.

If we do not get confirmation that we are on a fast track process shortly, there will be no reason to expect a CRB to take place next Tuesday.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

JM_00152716

-----Original Message-----

From: Silver, Jonathan [REDACTED]@hq.doe.gov|

Sent: Tuesday, November 16, 2010 3:26 PM

To: [REDACTED] Winters, Matthew; Barwell, Owen

Cc: Otness, Chris

Subject:

We are going to need to analyze the 16% credit subsidy work that aldy did.

Can you all pull some preliminary thoughts together and let's sit down tomorrow and pull together a plan of attack.

Jonathan Silver

Executive Director

Loan Programs

U.S. Department of Energy

[REDACTED]

From: John Woolard
Sent: Wednesday, March 09, 2011 5:09 AM
To: Jack Jenkins-Stark; Joshua Bar-Lev; Natalie Schaefer; John Mulligan
Cc: Arthur Haubenstein; Dan Judge
Subject: Re: DOE UPDATE

Fully agree - ceremony too soon has more downside than upside. Seems like we have good momentum. JW

From: Jack Jenkins-Stark
To: Joshua Bar-Lev; Natalie Schaefer; John Mulligan
Cc: Arthur Haubenstein; John Woolard; Dan Judge
Sent: Tue Mar 08 19:52:02 2011
Subject: RE: DOE UPDATE

While I agree that a ceremony can help drive things forward, I think such a ceremony next week is premature. I think we can get the same impact by starting the planning now and working with the DOE next week to drive a ceremony either the last week of March or the first week of April. This insures things are done and doesn't expose us for not being able to deliver equity on time (much less the debt) and also keeps the distraction factor down for all participants. I also think that a ceremony next week is patently political and that a ceremony after the CR is extended will play better for all constituents. I know that these arguments can be flipped in the other direction, but all in all, would strongly suggest we not do it next week and instead target the last week of March., but with planning to start next week.

From: Joshua Bar-Lev
Sent: Tuesday, March 08, 2011 3:39 PM
To: Natalie Schaefer; 'Gabe Horwitz'; John Mulligan
Cc: Jack Jenkins-Stark; Arthur Haubenstein; John Woolard; Dan Judge; 'Umanoff, Adam'; 'Bernie Toon'
Subject: RE: DOE UPDATE

The third week of March is a recess week; politically its better to do it next week and take a victory lap even BEFORE the cps are satisfied. If its so pro forma to get the cps done the following week, and if deal team seems to be willing to close before all cps (which is what I thought you had said earlier), then why not let a signing ceremony of some kind "drive" this home so it becomes inevitable.

From: Natalie Schaefer
Sent: Tuesday, March 08, 2011 3:30 PM
To: Gabe Horwitz; Joshua Bar-Lev; John Mulligan
Cc: Jack Jenkins-Stark; Arthur Haubenstein; John Woolard; Dan Judge; Umanoff, Adam; Bernie Toon
Subject: RE: DOE UPDATE

Personally I don't think you want to have a signing ceremony until everything is said and done...we don't even know if we will sign next week at this point yet or not- all depends on what is happening with the government issues, sign, close AND initiate funding when ALL CP's are met by the end of March... (3rd week ☺)!

Note – I have another concern I just discussed with Orrick (our equity counsel):

NRG met with Silver last week and was told by him: DOE will be ready by the 17th/18th, but its "OK" if equity is not, we don't need to fund until you are ready,..... with a separate message to Tom Doyle from John (or Jack??) that said – we MUST CLOSE by the 18th...this is this mis-messaging that people get confused about and I find myself having to explain away the differences and sensitivities here to timing and what issues impact the various dates (running out of money vs. govt shut down and loss of appropriations)

From: Gabe Horwitz [REDACTED]
Sent: Tuesday, March 08, 2011 3:19 PM
To: Joshua Bar-Lev; John Mulligan; Natalie Schaefer
Cc: Jack Jenkins-Stark; Arthur Haubenstein; John Woolard; Dan Judge; Umanoff, Adam; Bernie Toon
Subject: RE: DOE UPDATE

Yes – it can be organized and having JW suggest it is a perfect avenue. Key is whether DOE wants a big splash to tamp down the downward pressure as a result of the IG report and solyandra or if they want to just churn these out with much less fanfare. However, we should definitely lean into the option.

John can further reference the Hill meetings/conversations we have been having and note to Silver that there is interest from senior leaders on the Hill to take a victory lap along with the WH on this and have a collective talking point for both Obama and the entire Administration to use in the midst of unrest in Libya and need for further demonstration of domestic power.

From: Joshua Bar-Lev [REDACTED]
Sent: Tuesday, March 08, 2011 6:15 PM
To: John Mulligan; Natalie Schaefer
Cc: Jack Jenkins-Stark; Arthur Haubenstein; John Woolard; Dan Judge; Gabe Horwitz; Umanoff, Adam; Bernie Toon
Subject: RE: DOE UPDATE

What about the “signing ceremony” that we’ve been discussing. May help drive this to close. Is it feasible to have some form of signing ceremony even if cp satisfied in the weeks after? Could that be organized? Would it be appropriate for JW to call Silver to suggest it? Joshua

From: John Mulligan
Sent: Tuesday, March 08, 2011 3:02 PM
To: Natalie Schaefer
Cc: Joshua Bar-Lev; Jack Jenkins-Stark; Arthur Haubenstein; John Woolard; Dan Judge; Gabe Horwitz; Umanoff, Adam; Bernie Toon
Subject: Re: DOE UPDATE

The quick response to your second Q is that there is some momentum around another short term cr getting done late next week. If that happens, it would likely be another ~2wks and a bridge to longer deal. Things still Quite fluid and well have a better sense as this week progresses. Will obviously monitor closely and keep this group updated.

Jpm

Sent from my iPhone

On Mar 8, 2011, at 5:46 PM, "Natalie Schaefer" [REDACTED] wrote:

In my mind – Deal team does not need to be there... we are on track to wrap up DOE Financing next week as I describe below= with 3rd party cps and deliverables outside of our control to come. Whether or not you have meetings next week is independent of the work to close – I think the only reason for a meeting is if we are finding them stalled in OMB or signing off on litigation –that is my 2 cents

My last point is one that has to do with getting guidance from you on the status of the CR and budget discussions to make certain decisions on signing the loan guarantee and paying facility fees in advance of a full closing (and subsequent funding)

May be best to convene on a call at some point - I don't think today

From: Joshua Bar-Lev
Sent: Tuesday, March 08, 2011 2:38 PM
To: Natalie Schaefer; Jack Jenkins-Stark; Arthur Haubensstock; John Woolard; John Mulligan; Dan Judge; 'Gabe Horwitz'
Cc: 'Umanoff, Adam'; Bernie Toon
Subject: RE: DOE UPDATE

Nat, nice news, but I'm not sure I understand your last sentence below in caps. Can you pls explain.

We just had a political meeting and concluded that it is prudent for JW and possibly others to be in DC next Tuesday. We are working on mtgs with our key senators, and with the VP and WH offices, and of course with Jonathan Silver, and possibly others. The goal of these meetings is to either say 1) not done yet, what is holding us up and we need your help to bring this home 2) it looks good; cannot thank you enough or 3) a variation. I don't think we can afford NOT to have this meeting scheduled. Questions – should deal team plan to be there and park there until finished? Should JJS also plan to be there? Who else should be there? Should JW call Silver and say “I will be there next Tuesday and we're going to get this closed”. Other ideas?

Is this like the Stanley Cup finals, seventh game, overtime, or what? Joshua

From: Natalie Schaefer
Sent: Tuesday, March 08, 2011 1:46 PM
To: Jack Jenkins-Stark; Arthur Haubensstock; Joshua Bar-Lev; John Woolard; John Mulligan; Dan Judge; 'Gabe Horwitz'
Cc: Umanoff, Adam
Subject: DOE UPDATE

Just got off a series of calls with DOE: Key Takeaways are POSITIVE:

Meeting in DC:

They are working to get a meeting set up tomorrow afternoon with Key people at DOE. (Silver, Cestari, Schultz, Ken's boss, others) to listen to our messages on litigation with PC. They think this will be helpful (DUII!)

Litigation Memo and Update:

The PC memo update we prepared and sent was helpful. THE MESSAGES THEY ARE NOW SENDING ARE POSITIVE. THEY ARE GIVING US EVERY INDICATION THAT WITH THIS ADDITIONAL INFORMATION WE HAVE PROVIDED, THE MEETING, THEIR OWN ANALYSES, THEY ARE GETTING MORE AND MORE COMFORTABLE. MY SENSE IS WE ARE HEADED TO THEM GETTING THERE BY ENXT WEEK TO DEEM WE HAVE SATISFIED OUR CP TO CLOSING ON LITIGATION. NOT CONFIRMED, BUT IT IS THE SENSE I AM GETTING OF WHERE WE ARE HEADED.

Presentation: Got their attention. They are moving, acting.

TIMING: We are continuing to work towards a 3/15 DOE Financing docs closure date, with moving to closing loan funding or having as many cp's met as possible by 3/18, fully recognizing that many 3rd party agreements, consents may still be trickling in the following week or so, as well as final agreements, certificates etc. We may find ourselves in a dilemma next week with wanting to close because of the CR issues and budget issues with the government, pay the facility fee, but not fund (until we are ready on all fronts), IF WE ARE 1) CERTAIN WE HAVE NO MORE RISKS/ISSUES ON LITIGATION HOLDING UP FUNDING AND 2) WE ARE WORRIED ABOUT WHAT IS HAPPENDING WITH THE GOVT AND LOSS OF FUNDS. I need to rely on all of your gov't wizzes on this one to make a fair assessment later this week. DOE also needs to assess if this is even possible from an inter-agency perspective

In any event – that is the quick update... much to do and I need to run, but happy to discuss later.
Adam– Anything to add?

thanks

From: Natalie Schaefer
Sent: Thursday, January 07, 2010 3:56 AM
To: John Woolard; Jack Jenkins-Stark; Dan Judge; Israel Kroizer; 'smcbee [REDACTED]'; Joshua Bar-Lev
Subject: RE: Key points for Silver meeting

See below from Jack and I IN CAPS (WE ARE IN A CAR TOGETHER)

-----Original Message-----

From: John Woolard
Sent: Wednesday, January 06, 2010 4:39 PM
To: Jack Jenkins-Stark; Dan Judge; Israel Kroizer; 'smcbee [REDACTED]'; Joshua Bar-Lev; Natalie Schaefer
Subject: Key points for Silver meeting

Please add your comments:

GENERAL NOTE: YOU WILL SEE COMING SHORTLY IN AN EMAIL FROM JACK A LONG LIST OF DELIVERABLES AND ACTION ITEMS (INCLUDING A PARSONS REVIEW OF THE NEW PROJECT STRUCTURE) THAT WE CONFIRMED WE MUST PROVIDE WITH DOE TODAY. THIS WILL AFFECT TIMING OBVIOUSLY FOR A CRB MEETING. NOTE THAT WE MUST GO BACK THROUGH CREDIT COMMITTEE. STILL NEEDS TO RUN THROUGH OMB AS WELL. YOU MAY ALSO WANT TO REMIND JONATHAN SILVER THAT HE MISSED THE WHOLE DISCUSSION ON PHASING AND "COME TO JESUS" MOMENTS THAT KELLY AND JIM EXPRESSED (POLICY FOLKS)

NOTE ALSO THAT WE CONFIRMED WITH KEN AND DOUG AND RICK JENNEY THAT NO ONE SEES THE NEED FOR ANY MATERIAL CHANGES TO TS (MAYBE JUST A FEW CLEAN UP ITEMS - BUT NO DEAL POINTS) GIVEN WHAT WE HAVE DISCUSSED OVER LAST 2 DAYS.

Clarity of process - what are the next steps? We propose:
Meet next week to resolve all outstanding issues. **DOUG CONFIRMED MEETING FOR WEDS AND THURSDAY OF NEXT WEEK. AUDIENCE AND AGENDA TO BE CONFIRMED BASED ON NEXT FEW DAYS OF GETTING THEM INFORMATION THEY REQUESTED. MIGHT WANT TO TELL JONATHAN (I AM GOING TO DO THE SAME TO DOUG) THAT THIS IS A PERFECT OPPORTUNITY FOR ANY ONE ELSE WITH CONCERNS TO COME AND JOIN THE MEETING**

When do you go to CRB?

What else is needed for complete package? **SEE NOTE ABOVE. ASK – SCHEDULE CRB MEETING NO LATER THAN JANUARY 28. CREDIT COMMITTEE SCHEDULED BY JANUARY X....COMMIT TO DEDICATE ALL RESOURCES NECESSARY TO GET THIS DONE IN JANUARY. THEY CANT KEEP SPINNING WHEELS. SOMEONE NEEDS TO DRIVE THE PROCESS WITH ENOUGH POLITICAL POWER WITHIN DOE.**

Who is on the CRB? What are their key issues? Can we schedule a meeting to talk to them **(OR THEIR SECONDS)** directly if they have issues?

What are the big risks? Have we resolved major issues? Who else should we brief face to face?

REMIND JONATHAN WHAT WE TOLD DOUG TODAY: CANNOT CLOSE SERIES D UNTIL CONDITIONAL COMMITMENT IS RECEIVED AND OUR FUNDS SITTING IN ESCROW WILL EXPIRE JANUARY 29.

Why get this done:

BSE has many large equity investors who have followed this process since July, signed a binding termsheet to invest in december, and the only CP is the DOE lgp termsheet. If not resolved, US projects that were negotiated in good faith based on DOE representations are unfinanceable, company will immediately move all efforts overseas and US solar thermal market is effectively dead. **OTHER MESSAGES: JACK BELIEVES THE RISK CONCERN RESIDES AT THE MOST SENIOR LEVELS (CRB MEMBERS). DONG, DEAL TEAM, JIM MCCREA ARE NOT RAISING ISSUES, THEY ARE TRYING TO BUILD A CASE TO SUPPORT AND COUNTER THE CRB MEMBERS CONCERNS.**

JOHN – WE SHOULD PLAN TO GET ON A CALL AFTER YOUR MEETING TO DISCUSS NEXT STEPS AND PERHAPS TAKING ADVANTAGE OF YOUR BEING IN DC TO MEET WITH SOMEONE ON HILL?

From: John Woolard
Sent: Tuesday, August 24, 2010 12:51 AM
To: Kris Courtney
Subject: RE: Please schedule the following calls:

-----Original Message-----

From: Kris Courtney
Sent: Monday, August 23, 2010 11:00 AM
To: John Woolard
Subject: RE: Please schedule the following calls:

Strategic partnerships? Is there any subject matter I can offer up?

-----Original Message-----

From: John Woolard
Sent: Saturday, August 21, 2010 11:30 AM
To: Kris Courtney
Subject: Please schedule the following calls:

Jim Rogers - Duke - Duke - Brightsource relationship - Ivanpah Investment Jonathan Silver -
Ivanpah Update and DOE issues Mike Brune - Sierra Club - I left message Bill Ritter - less
urgent, can be further out....- Brightsource visit to Israel - follow up on conversation from
Sundance/VPVP

From: John Woolard
Sent: Sunday, May 16, 2010 1:54 PM
To: 'jonathan.silver' [REDACTED]
Subject: Re: Mountain biking

Great ride - glad to do again tomorrow.....see you at your panel. Jw

----- Original Message -----

From: Silver, Jonathan <Jonathan.Silver [REDACTED]>
To: John Woolard
Sent: Sun May 16 05:51:13 2010
Subject: Re: Mountain biking

Sorry, just saw this. Would have loved to and have my stuff, but didn't know what the plan was and am on a panel this am.
Tomorrow am?

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

Jonathan.Silver [REDACTED]

From: John Woolard [REDACTED]
To: Silver, Jonathan
Sent: Sun May 16 08:11:52 2010
Subject: Mountain biking

Are you biking this am? Bike is ready and tires are pumped.....

From: Arthur Haubenstock
Sent: Monday, March 21, 2011 9:45 PM
To: Black, Steve; Scott, Janea
Subject: Update and new issue
Attachments: 031511-FWLAcknowledge_Request.PDF

Steve and Janea- first, many thanks for your assistance in supporting the DOE Loan Guarantee process. I understand that the DOE has come to a positive resolution on the issues that had been outstanding, and your help, along with Jack's, no doubt contributed to that result. Unfortunately, another issue has arisen due to FWS's issuance of the attached letter, which injects a new uncertainty- more minor than those we had been dealing with, but still something that must be addressed. Jim Abbott is seeking to coordinate with FWS in California, but I would like to talk with you when you have a moment about the apparent disconnect between BLM and FWS. Thanks, as always-
Arthur

From: John Woolard
Sent: Tuesday, December 08, 2009 6:56 PM
To: Kris Courtney
Subject: FW: Jonathan silver

Please update J silver contact info below -

-----Original Message-----
From: Joshua Bar-Lev
Sent: Tuesday, December 08, 2009 7:18 AM
To: John Woolard; 'smcbee [REDACTED]'; 'abeckerdippmann [REDACTED]'
Subject: Re: Jonathan silver

I said we needed an appt today while you are in town. I think you should call asap and demand a mtg. Unless others disagree. I was very explicit about needing to get this out this week.

His # is [REDACTED] Fax is [REDACTED]. Email is jonathan.silver [REDACTED]

Sent using BlackBerry

----- Original Message -----
From: John Woolard
To: Joshua Bar-Lev; 'smcbee [REDACTED]'; '<[REDACTED]>'; 'abeckerdippmann [REDACTED]'; '<[REDACTED]>';
Sent: Tue Dec 08 07:11:52 2009
Subject: RE: Jonathan silver

I can come to where you are if he is there all day and we can grab 15 20 min in the hallway that's really all we need. Otherwise, if he has left, I can place a call with his office again and try to schedule a meeting this afternoon. JW

-----Original Message-----
From: Joshua Bar-Lev
Sent: Tuesday, December 08, 2009 6:16 AM
To: 'smcbee [REDACTED]'; 'abeckerdippmann [REDACTED]'; John Woolard
Subject: Jonathan silver

Grabbed him here at sea and told him situation and need for extreme expedition. He was unaware, to put it bluntly. He will "look into it right away" and get back to me. I asked for mtg today with all of us. Shocking to say the least, that this not (apparently) on his radar screen. Joshua

Sent using BlackBerry

From: Wilkins, Frank [REDACTED]
Sent: Thursday, July 28, 2011 6:34 PM
To: John Woolard
Cc: Udi Helman
Subject: Re: Tex Wilkins Retiring from DOE

John

I would like to thank you for your support of CSP at DOE. Your meeting with Secretary Chu convinced him to include CSP in his SunShot initiative. CSP would be in much worse position relative to budget negotiations had we not been included in SunShot.

We just had a meeting at SMUD to discuss an analysis being done by Paul Denholm, NREL, the goal of which is to determine the value of thermal storage. Included in the discussion were CAISO, CPUC, CEC, utilities (PGE, SCE, SMUD, SDGE, APS), and CEERT. Udi Hellman represented the CSP industry and I want to thank you for enabling him to take on that role.

Udi can fill you in on the details of the meeting, but the main outcome was that the CPUC and utilities are anxious for the results of the analysis. They are aware that storage offers benefits, but at present they have no way of quantifying it. They agree that LCOE is an insufficient metric when evaluating solar projects. I agree. We need to give them the better metric.

I view this as a very important study and hope that it will be supported by the CSP industry. I hope Udi will be able to keep the industry informed of the study's progress.

Thanks and good luck in getting Ivanpah built.

Tex

Sent from Blackberry

From: John Woolard [REDACTED]
Sent: Tuesday, July 26, 2011 03:26 PM
To: Wilkins, Frank
Cc: [tex.wilkins@\[REDACTED\]](mailto:tex.wilkins@[REDACTED]) <[REDACTED]>
Subject: RE: Tex Wilkins Retiring from DOE

Sorry to hear you are leaving, but it must be a relief to let go of that Blackberry – it was a pleasure to work with you at DOE – hope you can find some time to visit Ivanpah on your travels. Best, John

From: Wilkins, Frank [REDACTED]
Sent: Monday, July 25, 2011 1:39 PM
Cc: 'tex.wilkins@[REDACTED]'
Subject: Tex Wilkins Retiring from DOE

I am leaving DOE after 32 years, nearly all of which was working on solar energy.

I became interested in solar energy while in high school, so getting the job at DOE was a great opportunity. Being able to spend 32 years at it is a dream that came true.

There is part of the job, however, that was not in the dream. I will not miss the grind of budget development/defense, the three hour daily commute, or being plugged into a Blackberry 16 hrs a day. On the other hand I've enjoyed working on the technology and helping guide it through the ups and downs of public policy. I've enjoyed, and will miss most of all, working with people here at DOE, at other agencies, our National Labs, and industry. Many of those, as do I, look at renewable energy as important to the Nation's future and view the work more as a mission than a job. It's been challenging, rewarding, and fun (even with the ups and downs).

I am grateful for having had the opportunity to work with each of you. I hope to find a way of staying connected to concentrating solar power, so our paths may cross again. After July 29 you will be able to reach me at Tex.Wilkins [REDACTED]

Tex

From: James C McCrea [REDACTED]
Sent: Monday, July 12, 2010 4:07 PM (GMT)
To: 'Don Bennett' [REDACTED]
Subject: Barons Article

Well, that was a lousy article. The Solyndra going concern opinion is not viewed as a big deal nor was it unanticipated. I don't know much about Solyndra but I do know Abound and their discussion about a nephew was a cheap shot. It was also news to me! As far as I am concerned, that transaction passed on its merits as the best structured solar transaction (far better than Solyndra) and if we were going to do anything in solar manufacturing, it had to be that transaction. Don't pass that one and the proper response would have been to reject all solar manufacturing transactions.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]
Wilton, CT 06897
Phone: [REDACTED]
Fax: [REDACTED]
jimmccrea [REDACTED]

From: James C McCreary [REDACTED]
Sent: Monday, July 12, 2010 3:42 PM (GMT)
To: Brian Oakley [REDACTED]
Subject: Solyndra article

From Barons. Ugly!

D.C. CURRENT

| SATURDAY, JULY 10, 2010

Our Tough-Luck President

By [Jim McCreary](#) | [MORE ARTICLES BY AUTHOR\(S\)](#)

Solyndra, a key to White House's green-energy policy, pulls public offering due to an auditor's fear that it might not remain a going concern.

WHAT ROTTEN LUCK! IF THE Oval Office were a ship, the crew would be forgiven for suspecting that a Jonah was on board. Look at a partial list of calamities thus far in the USS Obama's voyage: The Chicago "not" Olympics; gate-crashers Michael and Tareq Salahi; the \$787 billion economic "where's the stimulus" package; the \$30 billion-and-counting BP oil spill; four-star General "Loose Lips" Stanley McChrystal; Solyndra...

You've never heard of Solyndra? That's strange, because it was supposed to be the cornerstone of Obama's vaunted green-energy future, but now is a king-size political embarrassment. Solyndra, recipient of a \$535 million Department of Energy loan guarantee, last month cancelled a \$300 million initial public offering because auditor PricewaterhouseCooper said its operating losses and negative cash flow raise doubts about its ability to continue as a going concern. Ouch!

It gets worse for Obama. When he toured Solyndra's Fremont, Calif., factory in May, he gushed that the company was "leading the way toward a brighter and more prosperous future."

MORE EMBARRASSING, SOLYNDRA was the first recipient of a loan guarantee under the dual auspices of the Recovery Act and Title XVII of the Energy Policy Act of 2005. The Department of Energy noted the loan guarantee was the first it had issued since the 1980s. On Sept. 4, 2009, the day of the award, Vice President Joe Biden crowed that it was "part of the unprecedented investment this Administration is making in renewable energy, and exactly what the Recovery Act is all about." DOE Secretary Steven Chu called it "part of a broad, aggressive effort to spark a new industrial revolution that will put Americans to work, end our dependence on foreign oil and cut carbon pollution."

To borrow the words that Biden used on another auspicious occasion, it was a big – deal.

Taxpayers are on the hook for \$390.5 million—73% of the loans. Some observers questioned the wisdom of the government's deal from the start, saying the company was an inefficient, high-cost producer.

Chu announced the Solyndra guarantee within 60 days of taking over the DOE, which in hindsight seems rather rash. DOE spokesman Stephanie Mueller said a credit-review board run by DOE Deputy Secretary Daniel Poneman recommended it. The panel includes the department's deputy secretary of energy; undersecretary of energy; undersecretary for science; chief financial officer; general counsel; senior advisor to the secretary for the Recovery Act, plus Chu's chief of staff. They now must decide whether Solyndra will get an additional government-guaranteed loan of \$469 million to partially fund the second phase of its factory expansion.

Solyndra raised \$175 million in new debt from existing investors after withdrawing its IPO. But if Solyndra fails to get the new loan guarantee, it will have a difficult time finishing the second phase, in which case "...we may not be able to grow our business, realize the benefits of economies of scale or satisfy our customer requirements," it says in an Securities and Exchange Commission filing. Solyndra spokesman David Miller was considerably more optimistic in an e-mail Thursday, claiming, "Solyndra's viability is not in question" and that "the \$175 million provides ample liquidity to cover near-term cash needs; and over the long run we expect to seek additional capital through other financings, which may include an IPO."

One of Solyndra's biggest stakeholders is Argonaut Ventures I. Its majority owner is Oklahoma oil billionaire George Kaiser, who was a "bundler" of campaign funds for the Obama-Biden campaign. This means he collected contributions and sent them en masse to the candidates. Kaiser e-mailed us an emphatic "NO" when we asked if he played any role in the pursuit of the loan guarantees.

In November, Chu appointed venture capitalist Jonathan Silver to oversee the DOE's loan guarantee program and its Advanced Technology Vehicles Manufacturing Loan Program. Silver had been a managing partner at Core Capital Partners in Washington. Coincidentally, one of his colleagues there was Tom Wheeler, another Obama-Biden fund bundler. Silver is supposed to help Chu accelerate loan reviews. According to a November press release, "Silver will be responsible for staffing the programs, and leading origination, analysis, and negotiation, as well as managing the full range of the Department's alternative energy investments." The DOE said Silver was unavailable for comment.

WILL THE EXTRA LAYER OF bureaucracy help Chu protect taxpayers? Well, this month, the DOE awarded loan guarantees to Abengoa Solar, part of Abengoa, a Spanish outfit whose U.S. shares (ticker: ABGOY) trade in the pink sheets, and Abound, a Colorado-based photovoltaic-film maker.

Abengoa Solar got \$1.45 billion in guarantees to build plants in California and Arizona. Its profits depend heavily on subsidies from the government of economically troubled Spain.

Abound Solar received a \$400 million grant to ramp up production of cadmium telluride photovoltaic panels. Here's a coincidence: Russ Kanjorski, nephew of Pennsylvania Democratic Rep. Paul Kanjorski, is a marketing executive at Abound, which got a \$3 million federal grant in 2008. He previously had been a principal of Cornerstone Technologies, which got \$9.2 million in earmarks from Kanjorski and then went bankrupt. A spokesman for Abound says Russ Kankorski had no role in the loan-guarantee negotiations.

Let's hope for the sake of American taxpayers that Obama's rotten luck changes soon.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

Wilton, CT 06897

Phone: [REDACTED]

Fax: [REDACTED]

jimmccrea [REDACTED]

From: McCrea, Jim (CONTR) <Jim.McCrea [REDACTED]>
Sent: Wednesday, March 7, 2012 12:58 PM (GMT)
To: jimmccrea [REDACTED]
Subject: FW: Cash Flow Chronology
Attach: Abound Solar - Cash Flow Chronology 030612c.pptx

From: Frantz, David
Sent: Wednesday, March 07, 2012 7:58:15 AM
To: McCrea, Jim (CONTR)
Subject: FW: Cash Flow Chronology
Auto forwarded by a Rule

David G. Frantz
US Department of Energy
Director, Loan Programs Office
Office: [REDACTED] Fax: [REDACTED]
David.Frantz [REDACTED]

-----Original Message-----

From: Nwachuku, Frances
Sent: Tuesday, March 06, 2012 4:17 PM
To: Kauffman, Richard; Richardson, Susan; Kim, Dong; Wright, Morgan; Frantz, David; Hurlbut, Brandon
Subject: FW: Cash Flow Chronology

FYI.

Frances

Frances I. Nwachuku
Director,
Portfolio Management Division
Loan Programs Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Direct: [REDACTED]
Mobile: [REDACTED]
Fax: [REDACTED]

-----Original Message-----

From: Janik, Katherine (Katie)
Sent: Tuesday, March 06, 2012 3:08 PM
To: Barwell, Owen
Cc: Nwachuku, Frances; Flamenbaum, Michael (CONTR); 'rsass' [REDACTED]
Subject: Cash Flow Chronology

Hi Owen -

Per the discussions at Risk Committee yesterday, please find attached a slide presentation with the information requested (or as we interpreted the request).

Please let us know if you would like to discuss.

Kind Regards,
Katie

JM_00533855

Katic Janik
Senior Portfolio Manager
Portfolio Management Division
Loan Guarantee Program
U.S. Department of Energy
katherine.janik [REDACTED]
office: [REDACTED]
mobile: [REDACTED]

From: jim McCrea <[REDACTED]>
Sent: Thursday, February 3, 2011 1:24 AM (GMT)
To: 'Winters, Matthew' <[REDACTED]@Hq.Doe.Gov>
Subject: RE: Quantity vs. Quality

Gather there is some sort of fire drill about how we are all about quantity and not quality and that POTUS has had to be saved from us by the other agencies. Coming up in a meeting between S1 and POTUS tomorrow.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: Winters, Matthew [REDACTED]@Hq.Doe.Gov]
Sent: Wednesday, February 02, 2011 8:11 PM
To: [REDACTED]
Subject: Re: Quantity vs. Quality

I'm actually not sure what you're referring to.

From: jim McCrea <[REDACTED]>
To: Winters, Matthew
Sent: Wed Feb 02 20:05:17 2011
Subject: Quantity vs. Quality

Presume that you are in the midst of that exercise. I am working chained to my desk this evening. If you need anything don't hesitate to call.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

JM_00339089

From: Joshua Bar-Lev
Sent: Monday, March 14, 2011 9:19 PM
To: John Woolard; Arthur Haubenstein
Cc: Kris Courtney
Subject: RE: what about a letter from Darbee?

Ok; I'll start draft letter that you would send to him as "model" after you talk to him.

From: John Woolard
Sent: Monday, March 14, 2011 12:44 PM
To: Joshua Bar-Lev; Arthur Haubenstein
Cc: Kris Courtney
Subject: RE: what about a letter from Darbee?

We have asked them for a ton, and I think we should hold him in reserve – but what I might want to do is use this as an excuse to approach Ron Litzinger, the new CEO at SCE, to ask him to write a letter. It actually helps us elevate the relationship and educate him on Ivanpah – which is good for us. If you agree, lets start drafting and while I am on plane please have Kris schedule a brief 10-15 min call with him tomorrow. JW

From: Joshua Bar-Lev
Sent: Monday, March 14, 2011 11:36 AM
To: John Woolard; Arthur Haubenstein
Subject: what about a letter from Darbee?

Would be easy to adapt what we already have. But you would need to call him first. Joshua

From: James C McCrea <[REDACTED]>
Sent: Monday, December 14, 2009 12:18 AM (GMT)
To: 'Colyar, Kelly' <[REDACTED]>; 'boakley' <[REDACTED]>
Subject: RE: BrightSource

OK. Understood. Just needed to be clear. Hear rumblings on the other side that everything is back to where it was three months ago before Credit Policy held everything up. That gives you a sense of the potential for mixed messages!!!!

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]
Wilton, CT 06897
Phone: [REDACTED]
Fax: [REDACTED]
jimmccrea [REDACTED]

From: Colyar, Kelly [REDACTED]
Sent: Sunday, December 13, 2009 7:12 PM
To: jimmccrea [REDACTED]; boakley [REDACTED]
Subject: Re: BrightSource

He can't set the script here...our job to deliver the objective message.

----- Original Message -----
From: James C McCrea [REDACTED]
To: Colyar, Kelly; boakley [REDACTED] <boakley [REDACTED]>
Sent: Sun Dec 13 19:09:07 2009
Subject: RE: BrightSource

Agreed and I want to be sure that I understand exactly the message that both you and Jonathan want delivered. This one is pretty delicate given how we got to where we are. Perhaps, you might suggest to Jonathan that he be clear on the message so that everyone is working off the same script.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]
Wilton, CT 06897
Phone: [REDACTED]
Fax: [REDACTED]
jimmccrea [REDACTED]

From: Colyar, Kelly [REDACTED]
Sent: Sunday, December 13, 2009 7:04 PM
To: jimmccrea [REDACTED]; boakley [REDACTED]
Subject: Re: BrightSource

Yes--I'm pretty sure he means an all out rush to brief every possible stakeholder before the big day. We'll need to make sure someone accompany Doug or the message won't be accurate.

----- Original Message -----
From: James C McCrea [REDACTED]

JM_00122652

To: Colyar, Kelly; boakley [REDACTED] <[REDACTED]>
Sent: Sun Dec 13 18:51:34 2009
Subject: RE: BrightSource

At some point, before that occurs, you, Brian and I should chat to make sure that Brian and I have clear direction from you as to how you want to approach this transaction in light of its twists and turns.

Any sense about what he means by using the same sort of approach as Vogtle?

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]
Wilton, CT 06897
Phone: [REDACTED]
Fax: [REDACTED]
jimmccrea@[REDACTED]

From: Colyar, Kelly [REDACTED]
Sent: Sunday, December 13, 2009 6:49 PM
To: boakley [REDACTED]; jimmccrea [REDACTED]
Subject: Fw: BrightSource

----- Original Message -----

From: Silver, Jonathan
To: Schultz, Douglas; Frantz, David; Colyar, Kelly
Sent: Sun Dec 13 18:42:56 2009
Subject: Re: BrightSource

Great. Let's all hook up tomorrow to plan the same sort of approach we used with vogtle.
J

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

Jonathan.Silver@[REDACTED]

----- Original Message -----

From: Schultz, Douglas
To: Silver, Jonathan; Frantz, David; Colyar, Kelly
Sent: Sun Dec 13 18:05:59 2009
Subject: Re: BrightSource

Kelly, schedule sounds good and in terms of getting things out we should be good.

CC books are printed and was planning to distribute on monday morning.

Term sheet and paper went to preston at treasury last friday morning.

Thanks

Doug

----- Original Message -----

From: Silver, Jonathan
To: Frantz, David; Colyar, Kelly
Cc: Schultz, Douglas
Sent: Sun Dec 13 12:28:01 2009

JM_00122653

Subject: Re: BrightSource

This simply needs to get done.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

Jonathan.Silver [REDACTED]

----- Original Message -----

From: Frantz, David
To: Colyar, Kelly; Silver, Jonathan
Cc: Schultz, Douglas
Sent: Sun Dec 13 10:00:50 2009
Subject: Re: BrightSource

Doubt monday will work as we are pressed to get the MEAG BOOKS out. This is the priority!

----- Original Message -----

From: Colyar, Kelly
To: Silver, Jonathan
Cc: Frantz, David; Schultz, Douglas
Sent: Sun Dec 13 09:47:20 2009
Subject: BrightSource

Given where we are on Vogtle and the competing demands for time with various stakeholders, I suggest the following schedule on BrightSource:

1. CC books distributed NLT COB Monday.
2. Term sheet and credit paper emailed to Preston Atkins (Treasury) NLT COB Monday
3. Credit Committee Friday.
4. Trusted Seconds Friday.
5. OMB Friday/Monday. I've teed it up, but don't want to lose their focus on Vogtle until that's finished.
6. CRB Dec. 22

JM_00122654

From: Silver, Jonathan <Jonathan.Silver [REDACTED]>
Sent: Thursday, February 4, 2010 11:23 PM (GMT)
To: Westerheim, Ove <[REDACTED]>
Cc: Frantz, David <[REDACTED]>; Seward, Lachlan <[REDACTED]>;
<[REDACTED]>; James C McCrea <[REDACTED]>;
Richardson, Susan <[REDACTED]>; Corrigan, Richard <[REDACTED]>;
<[REDACTED]>; Kim, Dong <[REDACTED]>
Subject: RE: Quarterly Compliance Certificates

This is a good beginning and I look forward to our kick-off discussion next week, but, as a frame of reference, these deals can blow up and melt down with a single quarter (particularly the "smaller", innovative ones) and when they do, we could have huge losses on our hands. We need to discuss how and what we are going to track, at what critical intervals and how.

I want to set up some kind of early warning system as well that will signal us when certain things are swinging out of covenant (even if they aren't there yet) and we also need to figure out how to involve a technical team who can go out into the field and independently review the technical progress being made (or not).

I know everybody on the Hill and in the Admin is focused on getting deals out the door and we are now starting to do that, but, believe me, the noise will be much, much larger, if one of these blows up.

J

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585
Phone: [REDACTED]
email: jonathan.silver [REDACTED]

-----Original Message-----

From: Westerheim, Ove
Sent: Thursday, February 04, 2010 10:52 AM
To: DL-CF-1.3; DL-CF-1.4 ATVMLP
Subject: Quarterly Compliance Certificates

All,

As we move forward with transactions into documentation and closing (Nordic, etc.), please be sure to include a form of the attached Quarterly Reporting Certificate as part of the documentation and borrower obligations. The concept is we get one quarterly delivery from each of our borrowers addressing all reporting requirements, cross referencing the covenant/reporting sections of the definitive documentation, including relevant financial covenants (rather than piecemeal deliveries without context). The form also provides for the inclusion of key performance metrics. We developed the attached form with Morrison Foerster for the Sofydra transaction, but we should be able to adopt it for all deals.

Thanks and let me know if you have any questions.

Regards,
Ove

JM_00253282

Ove Westerheim
Director, Project and Portfolio Management Loan Guarantee Program U.S.
Department of Energy
tel: [REDACTED] fax: [REDACTED]
ove.westerheim [REDACTED]

From: McCrea, Jim [REDACTED]
Sent: Thursday, February 17, 2011 12:19 AM (GMT)
To: jimmccrea [REDACTED]
Subject: FW: US Geothermal

From: Barwell, Owen
Sent: Wednesday, February 16, 2011 7:19:10 PM
To: Hurlbut, Brandon; Winters, Matthew
Cc: Silver, Jonathan; McCrea, Jim; Richardson, Susan; Hodges, Sven; O'Brien, Meghan
Subject: Re: US Geothermal
Auto forwarded by a Rule
Brandon, I was just on the phone with Kevin and co. They are going to send over revised #s so we can re-run cashflows.

I would still like to confirm that we need to close on friday morning though.

Cheers, Owen

Owen F Barwell
Chief Operating Officer
Loan Programs Office
US Department of Energy
(W) [REDACTED]
(c) [REDACTED]

From: Hurlbut, Brandon
To: Barwell, Owen; Winters, Matthew
Cc: Silver, Jonathan; McCrea, Jim
Sent: Wed Feb 16 18:59:57 2011
Subject: Re: US Geothermal

I hear we are changing parameters at last minute and will have to do a notch?

From: Barwell, Owen
To: Hurlbut, Brandon; Winters, Matthew
Cc: Silver, Jonathan; McCrea, Jim
Sent: Wed Feb 16 18:53:33 2011
Subject: RE: US Geothermal

Brandon, what "stuff" from OMB? Are approved cashflows at risk? If we do not receive approved cashflows from OMB tonight, then we do not have sufficient time to close by Friday and therefore closing will roll into next week. Cheers,
Owen

JM_00300911

From: Hurlbut, Brandon
Sent: Wednesday, February 16, 2011 6:47 PM
To: Winters, Matthew
Cc: Silver, Jonathan; Barwell, Owen; McCrea, Jim
Subject: Re: US Geothermal

At wh let's discuss first thing tomorrow - heard some stuff from omb we need to sort out.

From: Winters, Matthew
To: Hurlbut, Brandon
Cc: Silver, Jonathan; Barwell, Owen; McCrea, Jim
Sent: Wed Feb 16 18:42:31 2011
Subject: US Geothermal

Now that we know POTUS is not going to make the Solopower/USGeo announcement in Portland on Friday – and we are instead going to announce Solopower w/Chu and Wyden at 4:30pm tomorrow – the question is what do we do with USGeothermal.

With appropriate pressure applied on OMB, this deal could still close on Friday. However, if we do not apply pressure, it could slip to next week. If we continue to tell them that we need to close the deal on Friday, then this could force them to address the outstanding issue – which is a programmatic issue – other than on the back of this transaction.

Question is: Should Owen continue to tell OMB that this transaction needs to close by Friday?

Thanks.

Matt

Matthew A. Winters

Senior Advisor, Loan Programs

U.S. Department of Energy

(o) [REDACTED]
(c) [REDACTED]

[REDACTED]

From: McCrea, Jim [REDACTED]
Sent: Thursday, February 17, 2011 3:14 AM (GMT)
To: jimccrea [REDACTED]
Subject: FW: POTUS/LPO

From: Hodges, Sven
Sent: Wednesday, February 16, 2011 10:14:12 PM
To: Barwell, Owen; Frantz, David; Richardson, Susan; McCrea, Jim; Winters, Matthew; O'Brien, Meghan; Marcus, Christine; Fox, Lucian; Giampietro, Bonnie; Stull, Janice; Brown, Cynthia; Tyler, Susan; Loyd, Rick; Klein, Kim
Cc: Silver, Jonathan; Hurlbut, Brandon
Subject: RE: POTUS/LPO
Auto forwarded by a Rule
Thanks, Owen. As per our discussion a few moments ago, the USG deal team will target a close on Wednesday (2/23).

From: Barwell, Owen
Sent: Wednesday, February 16, 2011 9:26 PM
To: Frantz, David; Richardson, Susan; McCrea, Jim; Winters, Matthew; Hodges, Sven; O'Brien, Meghan; Marcus, Christine; Fox, Lucian; Giampietro, Bonnie; Stull, Janice; Brown, Cynthia; Tyler, Susan; Loyd, Rick; Klein, Kim
Cc: Silver, Jonathan; Hurlbut, Brandon
Subject: Re: POTUS/LPO

All

I just talked w/Brandon. No announcement is required on Friday for USG, so please stand down folks to a pace that targets next week for closing. OMB is doing the same.

Thanks everyone for stepping up to the challenge - our "can do" attitude is awesome.

Cheers, Owen

Owen F Barwell
Chief Operating Officer
Loan Programs Office
US Department of Energy
(W) [REDACTED]
(c) [REDACTED]

From: Barwell, Owen
To: Frantz, David; Richardson, Susan; McCrea, Jim; Winters, Matthew; Hodges, Sven; O'Brien, Meghan
Sent: Wed Feb 16 17:15:51 2011
Subject: RE: POTUS/LPO

FYI, I have left v/mails with all CFO staff, and also Christine is calling folks at home/cell phones too so we have a POC for the transaction on the budget and a/c side.

JM_00300819

From: Barwell, Owen
Sent: Wednesday, February 16, 2011 3:41 PM
To: Isakowitz, Steve; Johns, Christopher; Loyd, Rick
Cc: Frantz, David; Richardson, Susan; McCrea, Jim; Winters, Matthew; Marcus, Christine
Subject: POTUS/LPO

Steve/Chris/Rick – no action, just FYI, we shall be working closely with Bonnie, Cindy, Kim and Susan to get US Geothermal to close on Friday for POTUS visit. Let me get with our team and then I shall give them a call to get organized. Cheers, Owen

From: Silver, Jonathan
Sent: Wednesday, February 16, 2011 3:34 PM
To: Frantz, David; Richardson, Susan; McCrea, Jim
Cc: Winters, Matthew; Barwell, Owen
Subject:

See below. POTUS will be in Portland on Friday (that is a close hold) and would like to announce both deals. So, you will not be surprised to learn that OMB has cleared both. We need to get our work done on US Geothermal. I realize it is unfair. Life in the big city. Thanks! This will be a great week for the program!

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy

From: Hurlbut, Brandon
Sent: Wednesday, February 16, 2011 3:32 PM
To: Silver, Jonathan
Subject: FW:

From: Ericsson, Sally C. [mailto:Sally_C_Ericsson@omb.eop.gov]
Sent: Wednesday, February 16, 2011 3:28 PM
To: Hurlbut, Brandon
Subject:

We're 99% there. So go ahead on both and tell them we're good to go.

Check with your folks. We're hearing that USGeothermal will not close until Monday; we're done with it.

JM_00300820

From: Frantz, David [REDACTED]
Sent: Monday, June 28, 2010 11:14 AM (GMT)
To: Silver, Jonathan [REDACTED]; 'jimmccrea [REDACTED]
Subject: RE: Draft UniStar Status Language for Rod

Yes, but I think we should include the dates that the activity has been underway. We have been at it for sometime now-over a couple of weeks which is indicative of the complete re-underwriting which is taking place.

David G. Frantz
US Department of Energy
Director, Loan Guarantee Office. [REDACTED]
Office: [REDACTED]

From: Silver, Jonathan
Sent: Saturday, June 26, 2010 9:36 PM
To: 'jimmccrea [REDACTED]; Frantz, David
Subject: Re: Draft UniStar Status Language for Rod

This is good. Thanks.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: James C McCrea <jimmccrea [REDACTED]>
To: Silver, Jonathan; Frantz, David
Sent: Sat Jun 26 19:53:05 2010
Subject: Draft UniStar Status Language for Rod

Here is a shot at it with the intent of explaining why the process is sufficiently complex that it is not yet completed, and in fact, may take some time to complete.

Draft UniStar Status Language

DOE has completed its analysis of the UniStar transaction for a conditional commitment. However, this is the first step toward a conditional commitment. The DOE analysis is sent to OMB for review and approval of the credit subsidy cost range and to Treasury for required consultation. While that process is underway with both agencies, DOE receives and responds to numerous detailed questions as the other agencies complete their reviews. The process can surface policy issues that require high level discussion among the agencies and perhaps with the White House depending on the nature of the issues raised. Once OMB develops a view of the transaction and all of its elements so that it can take a position on the credit subsidy cost recommended by DOE, DOE and OMB must address any issues before OMB will approve risk and recovery ratings for the transaction at which point, the cash flows can be prepared for the calculation of the actual credit subsidy cost range. Only upon receipt of the approved credit subsidy cost range from OMB and completion of the consultation with Treasury can DOE take the transaction to its Credit Review Board for a recommendation to the Secretary that he issue a conditional commitment.

I trust that this explanation gives you a better sense of the approval process and why it takes some time to complete the process.

Jim

JM_00206447

James C. McCrea



From: McCrea, Jim [REDACTED]
Sent: Tuesday, October 19, 2010 8:47 PM (GMT)
To: jimccrea [REDACTED]
Subject: FW: Quick question

From: Winters, Matthew
Sent: Tuesday, October 19, 2010 4:47:24 PM
To: McCrea, Jim
Subject: Quick question
Auto forwarded by a Rule

Jim-

In Jonathan's absence, I have about one hour to write the first draft of a memo to the President describing our program, the interagency problems, and our proposed solutions (no problem, right?). I may need you to be on standby for the next couple hours as questions come up, if you're available.

First favor to ask: Could you write for me a 1-2 sentence description of Credit Subsidy so a layperson (the President) could understand it? Thank you.

Matt

Matthew A. Winters
Senior Advisor, Loan Programs
U.S. Department of Energy
[REDACTED]

JM_00166592

From: Silver, Jonathan [REDACTED]
Sent: Sunday, October 10, 2010 10:51 PM (GMT)
To: 'jimmccrea' [REDACTED]
Subject: Fw:

Before I rip his head off just for being a putz, can your team take a crack at a technical answer to this. Thanks.
J

Guy creates an international incident and is completely oblivious. You can't make this stuff up.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

----- Original Message -----

From: Mas, Alex [REDACTED]
To: Silver, Jonathan
Cc: Aldy, Joseph E. [REDACTED]
Sent: Sun Oct 10 18:27:06 2010
Subject: Re:

Jonathan,

Why does the current arrangement create problems for EDF? A better understanding of why this is a problem for EDF would be helpful.

Alex

----- Original Message -----

From: Silver, Jonathan [REDACTED]
To: Mas, Alex
Sent: Sun Oct 10 08:42:37 2010
Subject:

Alex, Joe,

Here is a brief outline of how we would propose to resolve what appears to be the one remaining issue. My sense is that this will work for them.

Background:

- Term sheet provided to UniStar on Friday is largely acceptable to EDF
- EDF interested in larger, controlling stake in UniStar, so in a position to decide on/accept term sheet
- EDF takes exception to condition precedent language tying required PPA prices to NERA Market Report dated February 2010

Overview of approach:

- Model used to generate cash flows for credit subsidy costs utilized NERA prices
- Debt Service Coverage Ratios ("DSCR") better define credit quality of transaction and rely on many factors in addition power prices
- Tying impact of required PPAs and other factors in model to DSCRs is more robust than requiring specific power prices
- Entire debate is about an estimate of credit subsidy cost ("CSC") which will be recalculated for final score at closing based on transaction parameters nearly two years in the future

Opportunity:

- Eliminating the pricing language which creates problems for EDF enables project to proceed AND protects USG more effectively;

Proposal:

JM_00172415

- Use DSCRs from DOE Base Case model to set credit metrics for transaction such that they match whatever pricing is in required PPAs
- If, for example, PPAs contain lower pricing, other aspects of transaction would require improvement to maintain same level of risk as measured by DSCRs

Proposed Language:

10/10/10 Term Sheet, Section 20 (cc)(i) (legal review required)

(i) a power purchase agreement or agreements for fifty percent of the Project's electrical output, (~~STRIKE LANGUAGE INSIDE PARENS: at a price no lower than the base case prices specified in the Independent Consultant Market Report by NERA dated February 5, 2010~~), and having a term at least as long as the term of the Guaranteed Loan, from an offtaker or offtakers having an investment grade credit rating ~~ADD THE FOLLOWING:(the "Required PPAs". After giving effect to the Required PPAs (a) the DSCR at the end of each 6 month period during the repayment period of the Loan Facilities is projected to be equal to or greater than 1.37 to 1, (b) the average semi-annual projected DSCR following the projected Project Completion Date through the Maturity Date of the ECA loan is equal to or greater than 2.09 to 1, and (c) the average semi-annual projected DSCR following the projected Project Completion Date through the Maturity Date of the DOE loan is equal to or greater than 2.21 to 1, in each case, calculated using the Base Case Projections at Financial Closing and as agreed to by the DOE with input from the IE.)~~

We believe this works. It addresses the edf concern and keeps the project tied to the pricing which locks in the repayments capability.

Let me know what you think.

J

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy



From: James C McCrea <[REDACTED]>
Sent: Monday, January 4, 2010 2:43 PM (GMT)
To: 'Miller, Bill' [REDACTED]
Subject: RE: More on NINA/CPS. Gets Real Ugly

Bill --

That makes sense to me. I am down in DC this week and will stop by or see you at the Staff Meeting. I have some info to pass on to you.

Jim

James C. McCrea

[REDACTED]

-----Original Message-----

From: Miller, Bill [mailto:Bill.Miller@[REDACTED]]
Sent: Monday, January 04, 2010 9:17 AM
To: Corrigan, Richard; Bice, William; James C McCrea; Hulihan, Terrence; Arigbede, Kimberley; Sprow, John; Orme, James; Fitzpatrick, Timothy; barbian@[REDACTED]; drsiever@[REDACTED]
Subject: RE: More on NINA/CPS. Gets Real Ugly

All -- I did talk with David J from CPS before the holiday. The basic answer is that applications for our program are applicant-specific, and not "transferable" or up for sale.

William G. Miller
Loan Guarantee Program

[REDACTED]

-----Original Message-----

From: Corrigan, Richard
Sent: Thursday, December 31, 2009 11:50 AM
To: 'Bice, William'; James C McCrea; Miller, Bill; Hulihan, Terrence; Arigbede, Kimberley; Sprow, John; Orme, James; Fitzpatrick, Timothy; barbian@[REDACTED]; drsiever@[REDACTED]
Subject: RE: More on NINA/CPS. Gets Real Ugly

Did Bill ever broach the request from CPS below in the week before Christmas?

"Bill,

I am just curious if you have made any inquiries into this? I realize that it is the holiday season and people may be off. I hope your holiday time is relaxing and enjoyable. Thanks in advance.
David

-----Original Message-----

From: Jungman, David C.
Sent: Tuesday, December 22, 2009 3:34 PM
To: 'Bill.miller@[REDACTED]'
Subject: CPS Energy

Bill,

Pursuant to our discussion this morning this morning, I would like for

JM_00080223

you to explore with your legal and your management at DOE to determine if we were to sell either a part or all of our interests in STP 3 & 4 to a 3rd party, whether the 3rd party would be eligible for DOE loan guarantees. Or what the process would be for this 3rd party to become eligible for DOE loan guarantees. Thanks in advance.
David Jungman"

As background I had gotten a similar call from David Jungman while I was out of the office and deferred to Bill.

My initial response was that a partial sale might be possible but an outright sale would be difficult for a couple of reasons.

1. We would have to reopen our analysis of the transaction, in effect reopening the solicitation.
2. It would put DOE in an awkward position with the other non-selected applicants (remember we have never formally eliminated anyone - everyone has self selected out) whom we have kept involved given the possibility that one or more of the original selected parties might drop out of the application or NRC licensing process.

Jim and I have talked about this briefly but it appears to be another avenue for CPS to try to extract some value from its expenditures in STP 3&4 which we understand may become even more valuable given the efforts to push the Tres Amigas project in eastern New Mexico that is being led by Governor Richardson.

Happy New Year!

Richard Corrigan
Senior Advisor
Department of Energy
Loan Guarantee Program

-----Original Message-----

From: Bice, William
Sent: Monday, December 28, 2009 2:40 PM
To: James C McCrea; Miller, Bill; Hulihan, Terrence; Arigbede, Kimberley; Corrigan, Richard; Sprow, John; Orme, James; Fitzpatrick, Timothy; barbian
Subject: RE: More on NINA/CPS. Gets Real Ugly

Litigation is rarely pretty.

Are folks still intending to provide comments to the term sheet issues list today?

From: James C McCrea [mailto:jimmccrea]
Sent: Monday, December 28, 2009 10:15 AM
To: Bill.Miller; terry.hulih
Kimberley.arigbede; 'Corrigan, Richard'; 'J. Anthony Sprow';
Bice, William; Orme, James; Fitzpatrick, Timothy; barbian

JM_00080224

drsiever

Subject: More on NINA/CPS. Gets Real Ugly

Paul had spotted this story and mentioned it. The CPS/NINA litigation is getting really ugly as the story below shows. The concern I have is that the numbers are so enormous that it begin to make it hard for there to be a settlement at substantially smaller numbers. The words from the new CPS Acting GM are rather harsh. While they are intended for public consumption, they do have consequences.

Web Posted: 12/24/2009 12:00 CST

CPS sccks \$32 billion in STP damages

Top of Form

Bottom of Form

Recommend

<http://www.mysanantonio.com/news/local_news/CPS_seeks_32_billion_in_STP_damages.html>

<http://www.mysanantonio.com/news/local_news/CPS_sccks_32_billion_in_STP_damages.html> 1

By Anton Caputo

<http://www.mysanantonio.com/email_us?contentID=80039727> - Express-News

CPS Energy and its partner traded high-dollar blows Wednesday in the growing legal battle over the nuclear project.

Nuclear Innovation North America, CPS Energy's partner, claimed San Antonio's utility was in breach of contract and should lose the hundreds of millions it invested if it didn't agree soon to keep funding the deal.

NINA, which is a nuclear development joint venture between NRG Energy and Toshiba Inc., made the accusations in a response late Wednesday afternoon to a lawsuit CPS filed earlier this month.

Hours later, CPS shot back with new allegations against NINA, NRG and Toshiba, the project contractor.

In court documents, CPS claimed the companies engaged in "fraudulent, defamatory and illegal conduct" to "manipulate project costs for their collective benefit."

CPS asked the court to award it at least \$32 billion in damages.

"The message I want to send NRG and NINA is that we are not suckers,"

CPS Acting General Manager Jelynn LeBlanc-Burley said Wednesday night.

"A business solution will benefit both, the sooner we get out of the courts the better. But make no mistake, I am not afraid of having this issue resolved in the courts."

NRG spokesman David Knox said the company hadn't had enough time Wednesday night to comment on CPS' allegations.

NINA President Steve Winn said earlier in the day that his company also preferred to settle the lawsuit quickly out of court so it could continue with the development of two proposed reactors at the South Texas Project.

"I think there are probably 20 different ways where there might be a solution that allows the project to go forward and the appropriate long-term decisions to be made by CPS," Winn said. "Our goal right now is to get to a negotiated outcome as quickly as we can."

CPS' new allegations included the charge that NRG and Toshiba formed their partnership without disclosing their full financial relationship.

The city-owned utility also accused NINA, NRG and Toshiba of a "conspiracy" by luring CPS into the project to help finance it and then "engaging in a coordinated public effort to disseminate false information about CPS Energy for the purpose of ousting CPS Energy."

"His (Winn's) history has been spent on Wall Street, and I don't want him to get the impression he can come to San Antonio, Texas, come to Commerce Street, and sell this community a bill of goods,"

LeBlanc-Burley said.

In its lawsuit, CPS asked the court to clarify its rights if it pulls

JM_00080225

out of the project.

Winn said the agreements between the companies are clear and "that they (CPS) lose everything." NINA claims CPS has "blocked the approval of several pending purchase orders" that are critical of the project and taken other steps to stall the project.

NINA also contended San Antonio's indecision on whether it will stay in the project put it in jeopardy. It asked the court to declare CPS actually has withdrawn from the project, which CPS denied, and no longer had any ownership or the ability to recover the approximately \$300 million it spent.

NINA also charged that CPS' "ongoing vacillation" put the project's federal loan guarantees at risk. Such loan guarantees are thought to be crucial for nuclear projects because of the billions of dollars needed and the fact that the federal government hasn't issued a permit to build a nuclear plant since the 1970s.

The federal government approved \$18.5 billion in loan guarantees, and, according to recent statements from Vice President Joe Biden's office, planned to issue those guarantees to two projects.

The South Texas Project is on a short list of four that could receive the guarantees. But Winn said it had fallen from first to second because of the delays, and soon could fall to third.

That move, he said, could prove fatal.

"If we don't resolve this soon, we may not need to resolve it at all,"

Winn said.

LeBlanc-Burley said that CPS was in contact with the Energy Department's loan guarantee office multiple times since Dec. 15 and informed it of CPS' timetable, which called for making a decision by mid-January.

"Understanding that schedule, they have not indicated that we have placed any consideration at risk," she said.

CPS spent or approved spending about \$375 million on the project so far. If it stays in, that number would jump to \$1.2 billion before the scheduled 2012 construction begins. The ultimate cost of the project was still unknown and won't be set until then.

Toshiba was expected to deliver an official cost estimate next week.

LeBlanc-Burley said her staff would vet the estimate and present it to the public in mid-January when it makes a recommendation about San Antonio's role in the nuclear expansion.

CPS' board and the City Council would have the final say.

A preliminary cost update recently obtained by the San Antonio Express-News put the total cost of the project at \$18.2 billion. That was about \$5 billion more than the utility said the project would cost at community meetings this summer.

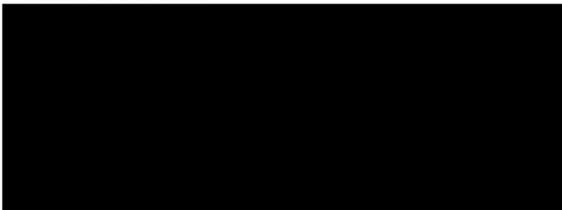
LeBlanc-Burley said that the number was an informal estimate provided to the board for planning purposes and not the official number.

She also said she believed the nuclear project is a valuable asset, but it might not be right for San Antonio.

"This particular deal remains to be seen," she said. "This particular project will be evaluated on its merits, and it may not be the best opportunity for this community."

Jim

James C. McCrea



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Peter O'Rourke <[REDACTED]>

Anything new

View all 100,000

Peter O'Rourke <[REDACTED]>

Sat, Oct 8, 2011 at 6:36 AM

To: Morgan Wright <[REDACTED]>

With all that fun stuff?? How's winters.

You see the spinner stories on cnn.com?

Peter O'Rourke

Peter O'Rourke <[REDACTED]>

Sat, Oct 8, 2011 at 9:03 AM

To: Morgan Wright <[REDACTED]>

Why is Dave freaked?

That sounds like a plan at least

Peter O'Rourke

On Oct 8, 2011, at 8:07 AM, Morgan Wright <[REDACTED]> wrote:

Still a bit in flux. Everyone is acutely aware of the issue. Susan says Dave is freaked out and last night Brandon asked if I would be COO and Matt move up to Poneman's office and oversee Dave to minimize his responsibilities. Sound familiar?

They're confident they can get a real new director shortly. I actually think this could work for a while since everyone's eyes are wide open.

[Quoted text hidden]

Peter O'Rourke <[REDACTED]>

Sat, Oct 8, 2011 at 10:03 AM

To: Morgan Wright <[REDACTED]>

Yikes.

Peter O'Rourke

On Oct 8, 2011, at 9:33 AM, Morgan Wright <[REDACTED]> wrote:

I think it has become apparent to him that he doesn't have the confidence of the team.

[Quoted text hidden]

From: James C McCrea <[REDACTED]>
Sent: Tuesday, May 25, 2010 2:22 AM (GMT)
To: 'Silver, Jonathan' <[REDACTED]@hq.doe.gov>
Subject: RE: Follow-up questions re: Geothermal projects

I don't have to say anything. There is another response going out late this evening on Abengoa that will take it from 93% complete to 96 or so percent. I will simply send that to everyone.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: Silver, Jonathan [REDACTED]@hq.doe.gov]
Sent: Monday, May 24, 2010 10:06 PM
To: [REDACTED]
Subject: Re: Follow-up questions re: Geothermal projects

If I did, I changed my mind.

I have to believe they asked to cut the list because they must have an inkling that's this is over the top.

Don't say I asked you to send it if you've already sent, just refine or add a question and send it over saying its updated. Then send to everyone.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: James C McCrea <[REDACTED]>
To: Silver, Jonathan
Sent: Mon May 24 22:02:03 2010
Subject: RE: Follow-up questions re: Geothermal projects

I had asked you about that last week and you had said to leave the White House off the Abengoa response. I would be glad to add them.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

JM_00076956

From: Silver, Jonathan [REDACTED]@hq.doe.gov]
Sent: Monday, May 24, 2010 9:51 PM
To: [REDACTED]
Subject: Re: Follow-up questions re: Geothermal projects

I noticed that they have shrunk the email list. Let's be sure our abengoa responses and these go to the full list.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: James C McCrea <[REDACTED]>
To: Silver, Jonathan
Sent: Mon May 24 21:48:47 2010
Subject: RE: Follow-up questions re: Geothermal projects

I don't know that forum well enough to have a fair view. I keep going back to ask the question of why all these questions are necessary to approve the credit subsidy cost range that we submit? Perhaps we send the questions and responses on these three deals to the 7th floor and tell them that in light of this support from OMB/Treasury, our maximum monthly production will be capped at 3 deals. We simply do not control our destiny. I particularly loved the question about lessons learned from the DOE's geothermal lending program of the 1970's and 1980's. We are using lessons learned not from that program but from commercial geothermal lending in the 1990's and 2000's plus the state of the knowledge about geothermal has advances significantly since that time. Would you want to make decisions based on 1970's down well data technology or from current down well technology? I think that we are going to have some fun answering that question.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: Silver, Jonathan [REDACTED]@hq.doe.gov]
Sent: Monday, May 24, 2010 9:35 PM
To: [REDACTED]
Subject: Re: Follow-up questions re: Geothermal projects

I wonder whether we should put together a package of these and the abengoa questions to share with orszag at the thursday meeting.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: James C McCrea <[REDACTED]>
To: Silver, Jonathan
Sent: Mon May 24 21:07:33 2010

JM_00076957

Subject: FW: Follow-up questions re: Geothermal projects

These just arrived from OMB & Treasury. Thought that you might want to see the level of questioning that we are facing. Some of these questions are not bad questions but they are way in excess of what is needed to establish the credit subsidy cost. The questions are getting more and more rigorous and going further and further into re-underwriting the transactions. Most are not bad questions but OMB/Treasury seems to think that it is serving as Credit Committee and CRB all rolled into one. If this level of questioning keeps up, we will definitely have to cut production.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: McCrea, Jim [REDACTED]@Hq.Doe.Gov]

Sent: Monday, May 24, 2010 8:33 PM

Subject: FW: Follow-up questions re: Geothermal projects

From: Saad, Fouad P. [REDACTED]@OMB.EOP.GOV]

Sent: Monday, May 24, 2010 8:33:05 PM

To: McCrea, Jim; Frantz, David

Cc: Colyar, Kelly T.; Carroll, Kevin; Mertens, Richard A.;

[REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov;

[REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov;

[REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov

Subject: Follow-up questions re: Geothermal projects

Auto forwarded by a Rule

Thank you for the materials and briefings you provided to us last week on the two geothermal transactions. Please find attached follow-up questions from OMB and Treasury regarding the Blue Mountain and US Geothermal (Neal Hot Springs) projects.

If you have any questions on these, please let us know.

Regards,
Fouad

JM_00076958

From: McCrea, Jim <[REDACTED]@Hq.Doe.Gov>
Sent: Thursday, June 24, 2010 1:17 PM (GMT)
To: jimmccrea [REDACTED]
Subject: FW: Credit Subsidy Cost for Title XVII Loan Guarantees

From: Silver, Jonathan
Sent: Thursday, June 24, 2010 9:16:33 AM
To: Corrigan, Richard; Frantz, David
Cc: McCrea, Jim; Hulihan, Terrence; Whitcombe, Nicholas
Subject: RE: Credit Subsidy Cost for Title XVII Loan Guarantees
Auto forwarded by a Rule
No emails on this please.
Let's get together to discuss.
Chris is out today. I can do something after 2pm.

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585
[REDACTED]

From: Corrigan, Richard
Sent: Thursday, June 24, 2010 8:44 AM
To: Silver, Jonathan; Frantz, David
Cc: McCrea, Jim; Hulihan, Terrence; Whitcombe, Nicholas
Subject: FW: Credit Subsidy Cost for Title XVII Loan Guarantees

NEI called last night and indicated they plan to release the attached whitepaper and cover letter to the White House and to selected members of Congress. They wanted to know if we had any objections to or comments on the study itself that they might incorporate into the white paper. They are looking for a response from us in the next day or so.

I had already circulated a copy of the letter to Jim, Terry and Nick. I reviewed it again last night and except for a few nits I do not find it objectionable and, in fact, it incorporates many of the arguments that we had originally advanced in the early rounds of discussion on subsidy models. The approach they are recommending, which when distilled to its essence, argues that different types of credit classes have different drivers that should influence the risk profile and the pricing for that risk. This approach is consistent with the methodology other USG guarantee programs use for their credit subsidy calculations (OPIC, for example, has at least 4 subsidy models for different project types and sizes).

Let me know how you would like to handle this, but I will not go back to Richard Myers until I have heard from you.

Richard Corrigan
Senior Advisor
Department of Energy
Loan Guarantee Program
1000 Independence Ave, SW
[REDACTED]

JM_00207138

Washington, DC 20585


National Interest Advanced Solutions, an IBM company

From: MYERS, Richard [mailto:@nei.org]
Sent: Thursday, June 17, 2010 10:04 AM
To: Silver, Jonathan
Cc: Frantz, David; Corrigan, Richard; 'Joe Hezir'; KASS, Leslie
Subject: Credit Subsidy Cost for Title XVII Loan Guarantees

Jonathan -

As you know from our previous discussions, the nuclear energy industry is concerned about a number of issues associated with the credit subsidy cost of Title XVII loan guarantees. Specifically, we are frustrated over the lack of transparency associated with the process of developing the credit subsidy cost; and we are concerned about some of the key assumptions and inputs – particularly regarding probability of default and recovery rate – used in the Credit Subsidy Calculator to estimate credit subsidy costs.

In the letter attached, we propose a number of steps to improve the transparency and accuracy of the process by which credit subsidy costs are calculated. Also attached is an advance copy of a White Paper prepared by NEI that examines the relevant historical data on default probabilities and recovery rates for projects like the nuclear power projects eligible for Title XVII loan guarantees. We believe the findings in the White Paper raise questions about the assumptions employed by the DOE and the OMB to calculate credit subsidy costs. We suspect the assumptions on default probability and recovery rate are either unrealistic or lack a factual basis, which inflates the calculation of credit subsidy cost well beyond the level required to compensate the federal government for the risk taken in providing the loan guarantee.

We appreciate your consideration of these recommendations, and welcome your review of the White Paper. We obviously intend to use the White Paper with a broader audience, and would welcome any comments on it before we distribute it more broadly.

I will be in touch with your office next week to discuss next steps.

Regards - Richard

RICHARD J. MYERS
Vice President, Policy Development
NUCLEAR ENERGY INSTITUTE
1776 I Street N.W.
Washington, D.C. 20006



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Peter O'Rourke <[REDACTED]>

Beacon

SEARCH BEACON

Peter O'Rourke <[REDACTED]>

Tue, Nov 1, 2011 at 8:02 AM

To: Morgan Wright <[REDACTED]>

At least corzine's mess kept it a pretty small story. You speak with David K?

Peter O'Rourke

Morgan Wright <[REDACTED]>

Tue, Nov 1, 2011 at 8:23 AM

To: Peter O'Rourke <[REDACTED]>

First smart thing they did was file at 2pm on Sunday during football on a holiday weekend. I did talk to David. Wasn't quite as pointed as you thought. He has a bug about SunPower and talks to Steams staff occasionally. CVSR came up in one of those talks. No intention of participating in a hearing or anything. How you doing? Bored yet?

[Quoted text hidden]

Peter O'Rourke <[REDACTED]>

Tue, Nov 1, 2011 at 9:15 AM

To: [REDACTED]

Not too bored. Having some interesting talks.

Peter O'Rourke

[Quoted text hidden]



Peter O'Rourke <[REDACTED]>

Follow-on to bright source

4 MARCH 2012

Peter O'Rourke <[REDACTED]>
To: Jonathan Silver <[REDACTED]>

Thu, Apr 12, 2012 at 6:55 PM

Subject: RE: Brightsource cancels IPO

It's not public knowledge yet but First Solar will be closing its plants in Germany and Vietnam and shuttering its Ohio facility for at least the next 3 years. I think they're going to have to give back some of their German grant money.

Peter O'Rourke <[REDACTED]>
To: Jonathan Silver <[REDACTED]>

Thu, Apr 12, 2012 at 8:58 PM

It's worth discussing, but I think it remains very attractive. The difference is that tax equity is for projects not corporate finance. The first solar projects still will perform, and so the te will still hit their returns.

The bigger issue is that with brightsource and now this, there may be some interesting larger acquisition opportunities. A broker dealer could facilitate. It would be nice to have the mezz fund in place...

I have a partner in china who called today about brightsource.

Peter O'Rourke

On Apr 12, 2012, at 8:44 PM, Jonathan Silver <[REDACTED]> wrote:

Wow. Te industry is falling apart. You think we should rethink the timing on the tef?
What makes folks want to do tax equity, given what Ed said, in this kind of environment?

Jonathan Silver

[REDACTED]

On Apr 12, 2012, at 3:55 PM, Peter O'Rourke <[REDACTED]> wrote:

Subject: RE: Brightsource cancels IPO

It's not public knowledge yet but First Solar will be closing its plants in Germany and Vietnam and shuttering its Ohio facility for at least the next 3 years. I think they're going to have to give back some of their German grant money.

Jonathan Silver <[REDACTED]>
To: Peter O'Rourke <[REDACTED]>

Fri, Apr 13, 2012 at 10:50 AM

Of course, but only if people conclude that they should do the projects in the first place. Who does projects with 2 dollar gas?

Jonathan Silver



From: Peter O'Rourke < >

Date: Thu, 12 Apr 2012 20:58:06 -0400

To: Jonathan Silver < >

Subject: Re: Follow-on to bright source

[Quoted text hidden]

Peter O'Rourke < >

Fri, Apr 13, 2012 at 11:07 AM

To: Jonathan Silver < >

Gas prices are a bit of a double edged sword. Makes doing renewable projects more affordable on aggregate, as overall utility costs are lower b/c of gas prices. There's obviously the counter that why would utilities pay for renewables. But, that's largely driven by things like RPS's -- even with gas where it is now, there are still plenty of solid PPAs out there.

All of that said, without the ability to do projects, I don't believe there is any GB. Not sure if you view the same, but that's the major part of the market for the next 5 years. At least in my opinion. The TE industry isn't falling apart, it's the corp market that's crashing. Projects are still happening -- Brightsource, First Solar, etc.... But we could have a huge pullback on TE and still there's a big gap needing to be filled.

I'm around to discuss if you want to.

Also, have an update from Plowe -- he's trying to come up with a compromise solution, given eventualities on how he leaves the Bank.

[Quoted text hidden]

From: McCrea, Jim (CONTR) <[REDACTED]@Hq.Doe.Gov>
Sent: Wednesday, March 14, 2012 12:24 PM (GMT)
To: jimccrea@[REDACTED]
Subject: FW:

From: Frantz, David
Sent: Wednesday, March 14, 2012 8:24:00 AM
To: McCrea, Jim (CONTR)
Subject: FW:
Auto forwarded by a Rule

FYI

David G. Frantz
US Department of Energy
Director, Loan Programs Office
[REDACTED]

-----Original Message-----

From: Kauffman, Richard
Sent: Tuesday, March 13, 2012 10:03 PM
To: Whitcombe, Nicholas; Frantz, David
Subject: Re:

Nick,

I'm only a part-timer loan person with a short tenure so far, but I have been involved enough to feel some of your pain about the abuse directed against LPO and the unfairness of attacks on the professionalism and integrity of its people.

I didn't watch the hearing because I was at the tax equity seminar so I don't know the context of Allison's remarks. I did hear from others that he generally did an excellent job in defending a number of points, including subordination. From his report, Allison is sympathetic to the need to provide sufficient funding to support management of the portfolio over its tenor (it was his first recommendation). Hence, I would be careful not to infer too much into his comments about the current quality of staff. I don't think you or I would object to a statement that suggested that it will be difficult to attract or retain talent if the program has no new lending authority nor sufficient funds to support management of the portfolio.

However, let me read the transcript and if I feel that his comments are out of line, I will tell him when the Secretary and I speak with him on Thursday.

It is cold comfort, I know, but I feel terrible for the attacks on LPO and I will always respect the team for its sacrifices in a mission that is as important to our country as anything our military does.

Richard

----- Original Message -----

From: Whitcombe, Nicholas
Sent: Tuesday, March 13, 2012 09:04 PM
To: Frantz, David; Kauffman, Richard
Subject:

As you may know, working at LPO is quite possibly toxic to a career. It is an issue I struggle with every day. Herb Allison's comments to the Senate today that quality staff are not attracted to work at LPO because of the possible tenor of the program should be completely insulting to staff. It implies that current staff is of low quality. Nothingless than a complete apology or clarification is in order - quickly.

Nick Whitcombe
US Department of Energy
[REDACTED]

JM_00532657

From: James C McCrea <jimmccrea@[REDACTED]>
Sent: Monday, December 14, 2009 4:27 AM (GMT)
To: 'Colyar, Kelly' <Kelly.Colyar@[REDACTED]>; 'Brian Oakley' <boakley@[REDACTED].com>
Subject: RE:

I am sure it will get rough. Just reviewed the revised version of the CP deck. I think it looks great. I think the Summary works under the circumstances. Conclusion is that it is highly speculative. That is a fair assessment.

I am headed to bed. The alarm is early or I won't make the flight.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Colyar, Kelly [mailto:[REDACTED]@hq.doe.gov]
Sent: Sunday, December 13, 2009 11:20 PM
To: James C McCrea; Brian Oakley
Subject: RE:

We may have one dissenting vote (hold that tight). Fasten your seatbelt, this will get rough.

-----Original Message-----

From: James C McCrea [mailto:jimmccrea@[REDACTED]]
Sent: Sunday, December 13, 2009 10:46 PM
To: 'Brian Oakley'; Colyar, Kelly
Subject: RE:

I agree with Brian, both regarding the paper bag and the equity investors.

This is a difficult and thin transaction, it may be difficult to raise equity and plenty of potential for things to go wrong especially given the tight sequencing. I think we make the issues clear and let them do what they want to do. Just factual and unemotional as you said earlier. Certainly, the political stakes appear to be rather high!!!!

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Brian Oakley [mailto:boakley@[REDACTED].com]
Sent: Sunday, December 13, 2009 10:34 PM
To: Colyar, Kelly; James C McCrea

JM_00122643

Subject: RE:

I'm breathing into a paper bag right now, but I do think we can take comfort in the fact that most equity investors will struggle with this.

Brian Oakley
Scully Capital

-----Original Message-----

From: Colyar, Kelly [mailto: [REDACTED]@hq.doe.gov]
Sent: Sunday, December 13, 2009 10:35 PM
To: James C McCrea; Brian Oakley
Subject: RE:

Jim--I can't string you out on this. The politics are too strong. If anyone goes down, it's me--what do I have to lose. I will take the lead in delivering message on this.

-----Original Message-----

From: James C McCrea [mailto:jimmccrea@[REDACTED].net]
Sent: Sunday, December 13, 2009 10:31 PM
To: Colyar, Kelly; 'Brian Oakley'
Subject: RE:

Oh my!!!

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Colyar, Kelly [mailto: [REDACTED]@hq.doe.gov]
Sent: Sunday, December 13, 2009 10:27 PM
To: James C McCrea; Brian Oakley
Subject: FW:

fyi--hold this tight.

-----Original Message-----

From: Silver, Jonathan
Sent: Sunday, December 13, 2009 10:26 PM
To: Schultz, Douglas
Cc: Colyar, Kelly
Subject:

Doug,
Can you come see me first thing tomorrow morning. I would like to review the bright source schedule and see if there is any chance at all of

JM_00122644

getting it into this week's crb. If we did, and it got approved, potus could discuss both it and vogle together. Big play for the lgp. Let's try to touch base around 8. Kelly, join us if you can.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy



From: jim McCrea <jimmccrea@[REDACTED]>
Sent: Thursday, February 3, 2011 1:23 AM (GMT)
To: 'Silver, Jonathan' <[REDACTED]>
Subject: RE:

SWIP is a very useful example of how we have been "saved"

DOE Gate 2 submittal BB 65% pre completion 75% post completion credit subsidy range 4.48%-8.90%

OMB approved Gate 2 BB- 55% 75% CSC range 7.05% - 11.19%

DOE submittal at closing BB 65% 75% This submittal was approved by OMB without change and resulted in a credit subsidy cost of 1.55%

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Silver, Jonathan [mailto:[REDACTED]]
Sent: Wednesday, February 02, 2011 8:05 PM
To: 'jimmccrea@[REDACTED]'
Subject: Re:

Any stats that might be useful?

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

----- Original Message -----

From: jim McCrea <jimmccrea@[REDACTED]>
To: Silver, Jonathan
Sent: Wed Feb 02 20:03:04 2011
Subject: RE:

Well, that is icing on the cake! Let me know if there is anything I can do to help. However, I have to say that I have not been saved yet!

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

JM_00339090

From: Silver, Jonathan [mailto: [REDACTED]]
Sent: Wednesday, February 02, 2011 8:01 PM
To: 'jimccrea@ [REDACTED]'
Subject:

Fire drill on how to show the quality (not volume) of our work for chn's mtg with potus tomorrow. Potus hears from his folks that we don't know what we are doing and they are saving him from us.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy



From: James C McCrea [REDACTED]
Sent: Thursday, September 3, 2009 12:22 PM (GMT)
To: 'Roger McDaniel' [REDACTED]; 'Don Bennett'
[REDACTED]; Bernard P. Roesch
[REDACTED]
Subject: AREVA Update

I got an e-mail from David Schmitzer late yesterday which contained the following:

You may have heard that the DOE is now looking to take this project to the credit committee at the end of October, not September, and Areva has been so notified (happened while I was out of the office). Areva still wants to pursue an aggressive schedule so we should proceed with speed to be ready for a September Board in case we get called.)

In discussion with him, I let him know that this was the first that we had heard of the delay. It appears that this is largely a political decision which relates to the continued effort by the DOE to grapple with the USEC matter. At any rate, these kinds of issues take place above us and should not influence how we do our work other than impacting the schedule that we are on and for that, we take guidance from David as he has given. I think that David is right to take the possibility of a September CRB meeting seriously. Although David did not mention it, AREVA's Board meeting has not changed and I suspect that there is a real possibility of high level pressure (perhaps even above Sam Shakir) being put on the DOE to meet the September timetable. I think that David's intention is to be ready if that occurs and to not be put in a position where he and Team North is then the problem or the excuse for not being on the September CRB.

By now, you have all seen David's e-mail exchange from yesterday with AREVA re the Weds. meeting next week. Here is what I believe is on tap for next week and how we should approach it:

- **Tues:** David want to really scrub the CRB presentation and to get it into largely final form to the extent that is possible. We also have to address the IE draft and our views of the AREVA markup of the terms sheet. We should get both the IE draft and the mark up this week. Roger, Don and I will be at DOE next week. At this point, my view remains that it would be better for both Bernard and John to work from their offices and to be patched in as appropriate. The concern I have is that there will be scenarios that need to be run of credit analysis and research that will be much more effectively completed with Bernard and John in their offices rather than at the DOE.
- **Weds:** Term sheet negotiations with AREVA and their counsel
- **Thurs:** AREVA effort will be catch up on things that are still outstanding. I suspect that there will be additional work on the credit paper. Roger and I will still be in DC however, I am tied up most of the day in meetings with NINA, CPS, JBIC and NEXI as that project kicks into high gear.
- **Fri:** There may well be another term sheet session with AREVA.

Several other points:

- We are going to need to incorporate the Parsons view of the world into the model assumptions. We may be able to get that information entirely out of the Parson's report but I suspect not. We should on the Fri call with Parsons, alert Parsons of that effort on our part and find out who should be the Parsons point of contact as questions arise. Bernard may be chasing this stuff down by himself on next week and in doing so, it will be important to keep detailed notes on the model changes for discussion with Roger and the rest of the team.
- I am thinking that David Schmitzer is likely to have a good number of questions about the various credits, especially AREVA that may result in additional research or modification to written sections to address these questions. We should be ready for this effort.

John -- Could you let us know where you stand on the AREVA credit analysis and when we might see a draft of it. David inquired as to your status on that piece which puts some pressure on us as a team to work through a draft. I told him that we had tasked you with the offtake contracts first and that you were deep in the midst of the AREVA work currently.

John -- Could you prepare an overview paper on the offtake credits summarizing the results of the work that you and Don have done? I think that would be helpful.

JM_00125843

All -- We should review as soon as possible (which may mean over the weekend as it will in my case) the offtake credit analyses that John and Don have prepared and circulate our comments. My thought is that responsibility for addressing the comments is likely to fall on John and task will be on his plate for next week as well.

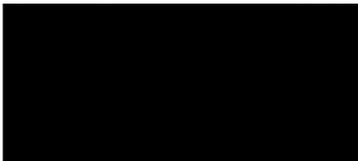
All – As transactions go to the credit committee, OMB and CRB, they undergo review from Kelly Colyar (Acting Director, Credit Policy) and her staff. Kelly is also the one who takes the transactions through the OMB process. John and I are working for her as reviewers on some transactions currently. As part of that process, there will likely be a bunch of questions and interaction with the team that Kelly has assigned to the AREVA transaction. That team includes Brian Oakley of Scully Financial and a woman named Renee. I am not sure of her last name which from her e-mail might be Sass. I also am not sure of her affiliation but think it might be Scully as well. At any point, I wanted to alert you in case you get calls or e-mail from Kelly, Brian or Renee as responding should be a priority in order to keep things on track. Please copy both David Schmitzer and me on any e-mails.

Don -- I have reviewed the ETC writeup that you prepared and have no issues with it. Would you be comfortable with it being shared with David? I think it would be important for him to see the extent of the ETC issue at this time.

All – comments or thoughts? Anything I missed?

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



From: James C McCrea <jimmccrea@[REDACTED]>
Sent: Wednesday, June 23, 2010 3:07 AM (GMT)
To: 'Silver, Jonathan' <[REDACTED]@hq.doe.gov>
Subject: RE: new manufacturing solicitation

Agreed re staff driven. Unfortunately, his staff is protectionist at all costs rather than helping the EOP achieve any objectives at all. Further, their view is that a non decision is safe as you can't be wrong forgetting that non decisions have their own perils.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



-----Original Message-----

From: Silver, Jonathan [mailto:[REDACTED]@hq.doe.gov]
Sent: Tuesday, June 22, 2010 11:00 PM
To: 'jimmccrea@[REDACTED]'
Subject: Re: new manufacturing solicitation

He has become staff driven as well, the result of being stretched too thin and, he has a vested interest in "his team", forgetting that we are all on the same team.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]@hq.doe.gov

----- Original Message -----

From: James C McCrea <jimmccrea@[REDACTED]>
To: Silver, Jonathan
Sent: Tue Jun 22 22:41:47 2010
Subject: RE: new manufacturing solicitation

That is ugly. Unfortunately, I am coming to believe that Jeff is as much of a problem as the rest of them over there. They really have no concerns as to whether we are able to meet our statutory requirements nor whether we help advance the strategy increasingly being enunciated by the President as part of his response to the Gulf.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



-----Original Message-----

From: Silver, Jonathan [mailto:[REDACTED]@hq.doe.gov]
Sent: Tuesday, June 22, 2010 9:59 PM
To: 'jimmccrea@[REDACTED]'
Subject: Fw: new manufacturing solicitation

JM_00073546

Fyi
Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]@hq.doe.gov

----- Original Message -----

From: Liebman, Jeffrey B. <[REDACTED]@omb.eop.gov>
To: Silver, Jonathan
Sent: Tue Jun 22 21:36:51 2010
Subject: RE: new manufacturing solicitation

Based on a quick read, I don't think this works. I'll have my folks look at it carefully though and then get back to you with a considered reply.

-----Original Message-----

From: Silver, Jonathan [mailto:[REDACTED]@hq.doe.gov]
Sent: Tuesday, June 22, 2010 7:58 PM
To: Liebman, Jeffrey B.
Subject: new manufacturing solicitation

Jeff,

When we spoke about the new manufacturing solicitation in the principals meeting two weeks ago, Peter indicated that he was comfortable with it going out the door as long as we did not permit the applicants to "double dip" by using 48c money as part of their equity contribution. At the meeting, we generally said that, a project that received a 48C tax credit under Section 1302 of the Recovery Act, should not be permitted to apply for a loan guarantee under the new solicitation.

We've now looked at this issue in detail and, not surprisingly, there are some challenges with that blanket approach. We can definitely still achieve what Peter wants (no double dipping by applicants in the new solicitation), but I'd like to suggest a modification to the "blanket approach" for a number of reasons.

First, we should be clear that 48C is a tax credit that accrues to the benefit of the Sponsor (and, if applicable, other equity investors) only if and when they have taxable income to be offset by the credit. It does not result in any cash to the Borrower, and does not in any way offset or reduce the obligation of the Sponsor/equity investors to make a substantial equity investment in the project. Nor does DOE take the potential receipt of the credit into account in any way in its credit analysis, or rely on its receipt for any future performance.

We have, in fact, already issued conditional commitments for projects which have qualified for 48c credits. In no case, does the DOE analysis rely on the 48c in determining the prospect of repayment or the capability of the various parties to fulfill their obligations.

Similarly, a number of innovative technology applicants that are already well along in our process have also qualified for 48C tax credits. We would like to avoid inconsistent treatment of potential candidates for loan guarantees based on technology or timing of the solicitation.

We all agree that we should not permit double dipping from both the 48C tax credit and the loan guarantee program. However, there is a less blanket approach that achieves these ends without frustrating program goals with an outright ban on applicants who have qualified for the tax credit.

JM_00073547

Consistent with Title XVII, DOE policy and the Final Rule applicable to Section 1703, the draft Commercial Technology Manufacturing Solicitation requires that the face value of the debt guaranteed by DOE be limited to no more than eighty percent of total eligible project costs. We would propose applying the 80% cap to the sum of the amount of the loan guarantee PLUS the value of the expected 48C tax credit. For this purpose, applicants would be required to provide DOE with an acceptable computation of the value of the expected 48C tax credit. In this way, we eliminate the VALUE of the double dip, while not prohibiting projects that qualify from receiving the tax credit.

We considered numerous other options on how to address this issue, including: (1) reducing the amount of the loan guarantee that DOE would otherwise be prepared to offer at financial close by the net present value of the amount of the tax credit benefits; and (2) requiring the borrower (or the project sponsor(s) - either directly or by injecting equity into the borrower) to make a mandatory prepayment equal to the amount of 48C tax benefits received in any year during the term of the loan guarantee. Neither is as simple, efficient or cost effective as the approach we are suggesting. Importantly, what we are proposing has the added advantage of being easy to calculate with little room for confusion.

If you and Peter are comfortable with this, we are ready (and eager!) to launch.

Thanks,

Jonathan

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585



From: jim McCrea <jimmccrea@[REDACTED]>
Sent: Friday, December 10, 2010 5:18 AM (GMT)
To: 'Silver, Jonathan' <[REDACTED]@hq.doe.gov>
Subject: RE: OMB Policy Decision on Recovery Rates

Yes, that is the one I was thinking of.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Silver, Jonathan [mailto:[REDACTED]@hq.doe.gov]
Sent: Friday, December 10, 2010 12:16 AM
To: 'jimmccrea@[REDACTED]'
Subject: Re: OMB Policy Decision on Recovery Rates

With the french ambassador.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]@hq.doe.gov

----- Original Message -----

From: jim McCrea <jimmccrea@[REDACTED]>
To: Silver, Jonathan
Sent: Fri Dec 10 00:14:17 2010
Subject: RE: OMB Policy Decision on Recovery Rates

Great. I can fill you in at your convenience.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Silver, Jonathan [mailto:[REDACTED]@hq.doe.gov]
Sent: Friday, December 10, 2010 12:12 AM
To: 'jimmccrea@[REDACTED]'
Subject: Re: OMB Policy Decision on Recovery Rates

3:30

Jonathan Silver
Executive Director

JM_00059391

Loan Programs
U.S. Department of Energy

[REDACTED]@hq.doe.gov

----- Original Message -----

From: jim McCrea <jimmccrea@[REDACTED]>
To: Silver, Jonathan
Sent: Fri Dec 10 00:05:18 2010
Subject: RE: OMB Policy Decision on Recovery Rates

We should talk about the interagency review promised in advance of a meeting that I believe you have scheduled for tomorrow. It is possible that you will be asked about it and I have some thoughts for you on the meeting in general. Don't know what time the meeting is but I do need to talk with you briefly in advance of it.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Silver, Jonathan [mailto:[REDACTED]@hq.doe.gov]
Sent: Thursday, December 09, 2010 11:38 PM
To: Hurlbut, Brandon
Subject: Fw: OMB Policy Decision on Recovery Rates

One more thing.

It also doesn't mean anything. These guys don't decide real policy. If we decide we care -and at this point, its not my focus- I assume we can always engage at the low, chu, rouse level.

We should also see what happens with the cbo analysis. But, do they think this hurts us in some way? Its a kind of childishness I just haven't seen in my professional life in many years.

One other thing. Since aldy personally promised the edf management group that he would lead an inter-agency review of this topic, we should tell him that he should be the one to call and deliver the news. They will undoubtedly ask for omb's analysis...and we know there isn't one.

Who would have thought there would be such slavish devotion to an arbitrary number? It would be funny if it weren't tragic.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]@hq.doe.gov

----- Original Message -----

From: Barwell, Owen
To: Silver, Jonathan
Sent: Thu Dec 09 22:11:41 2010
Subject: OMB Policy Decision on Recovery Rates

Jonathan

I did not have the chance to de-brief a short call I received from Rick Mertens, around 5pm today.

He, and Aldy, Mas, and Nabors had met (not sure when) and made a policy decision on recovery rates (the term "policy decision" seemed to have some formal significance, though I am not sure what). We had conveyed an alternative approach to recovery rates

JM_00059392

beyond the 55% with notching. They believed there were issues with our proposal (though as I did not have our proposal, I could not argue one way or another) such that it was not any better than status quo. The current method would therefore prevail for 2012 budget purposes.

However, Rick did accept that the 55% with notching method was not perfect, and he would like to see this method improved. His suggestion was to understand the characteristics and attributes of what kind of project would lead to a recovery rate of 55%. I.e. try to improve the underpinning behind what has started out and remains an arbitrary number. He thought this would avoid having to re-litigate on the recovery rate and notching as projects were presented to OMB. I offered that this would only work (amongst other things) if there was an openness to our justification for any notching. He thought OMB's approach would help in this regard.

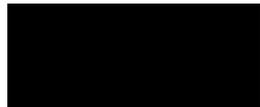
I asked that I run this past you, as I was not familiar with what we had proposed and its history (though I guess the driver was Constellation).

How would you like to play it? OMB's approach seems logical, but without a little more of the background, I do not know how we come out of this proposal. At the very least, there seems to be a willingness to improve the method, as well as some wriggle room for puts and takes.

Happy to lead.

Cheers, Owen

Owen F. Barwell
Chief Operating Officer, Loan Programs Office U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585



From: Julie Stewart <stewartjulie@[REDACTED]>
Sent: Friday, November 19, 2010 3:31 PM (GMT)
To: jim McCrea <jimmccrea@[REDACTED]>
Subject: Re: SWIP- Fast Track

Wow.. discouraging for the SIOs/IOs and staff.☐ And I'm trying not to get discouraged, by remembering the mantra "am just a consultant".....

Guess that is one way to get what you want.... the only transactions that will get done will be the grants which was advocated as the best program, even though it does not meet the goals of bringing innovative energy products to the market. ☐ Someone will be able to make them selves look like the hero, that they are brilliant etc.☐

SIGH!!!

Julie Stewart | Contractor - Loan Guarantee Program Office
United States Department of Energy
[REDACTED] | [stewartjulie@\[REDACTED\]](mailto:stewartjulie@[REDACTED])

On 11/19/2010 9:16 AM, jim McCrea wrote:

Basically, they are going to fight us on transactions if they don't meet these criteria. ☐ That means that not much is likely to come through the process.☐ We will now declare victory at Credit Committee approval, support the interagency process as best we can, hope for an outcome but not count on it and then, when someone needs a photo op or the applicant screams loud enough, an occasional transaction will be spit out into a conditional commitment.☐ I know this is a harsh comment but it is also realistic unfortunately.

☐
Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: Julie Stewart [[mailto:stewartjulie@\[REDACTED\]](mailto:stewartjulie@[REDACTED])]
Sent: Friday, November 19, 2010 9:02 AM
To: jim McCrea
Subject: Re: SWIP- Fast Track

☐
So are you saying that Treasury and the WH is now saying if the SNI or the IRR is within their fast track limits, the deal is dead?☐ I'm shaking my head in disbelief.

<!--[if !supportLineBreakNewLine]-->

<!--[endif]-->

Julie Stewart | Contractor - Loan Guarantee Program Office
United States Department of Energy
[REDACTED] | [stewartjulie@\[REDACTED\]](mailto:stewartjulie@[REDACTED])

JM_00152013

On 11/19/2010 7:33 AM, jim McCrea wrote:

Well, Treasury and the WH has set the screen so tight for fast track that almost none of the transactions we have looked at to date would get through so it is useless. Then, on top of that, they insist that the same criteria will be the criteria by which they judge transactions. Don't expect to see many conditional commitments coming soon!

□

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



From: Heimert, Kimberly [mailto: [REDACTED]@hq.doe.gov]

Sent: Friday, November 19, 2010 12:30 AM

To: 'jimmccrea@[REDACTED]'; 'StewartJulie@[REDACTED]'; 'rsass@[REDACTED]'

Subject: Re: SWIP- Fast Track

Actually... I did bring up the concept of fast track... Forgetting that it was only intended to help get to conditional commitment, not closing. I guess I was hoping that their second bite at the apple would be as efficient in that instance as their first is supposed to be.

K

□

From: jim McCrea <jimmccrea@[REDACTED]>

To: Heimert, Kimberly; Julie Stewart <StewartJulie@[REDACTED]>; Renee Sass <rsass@[REDACTED]>

Sent: Thu Nov 18 23:32:11 2010

Subject: RE: SWIP- Fast Track

Kimberly --

□

Exactly and I know full well that you have been. I did not think that the idea that you could take weeks off the process was coming from you given your experience!!!!

□

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



□

From: McCrea, Jim [mailto: [REDACTED]@Hq.Doe.Gov]

Sent: Thursday, November 18, 2010 6:32 PM

To: jimmccrea@[REDACTED]

Subject: FW: SWIP- Fast Track

□

JM_00152014

From: Heimert, Kimberly
Sent: Thursday, November 18, 2010 6:31:37 PM
To: 'stewartjulie@[REDACTED]'; Stamos, John
Cc: 'sashulman@[REDACTED]'; 'rmele2@[REDACTED]'; Hammel-Smith, Carol;
Montgomery, Joseph; McCrea, Jim; 'rsass@[REDACTED]';
'grazianoj@[REDACTED]'; Mele, Raymond
Subject: Re: SWIP- Fast Track

Auto forwarded by a Rule

I have been through the closing process twice, so know the process in detail...

|

From: Julie Stewart <stewartjulie@[REDACTED]>
To: Stamos, John
Cc: Heimert, Kimberly; Stephen Shulman <sashulman@[REDACTED]>; 'Ray Mele' <rmele2@[REDACTED]>; Hammel-Smith, Carol; Montgomery, Joseph; McCrea, Jim; Renee Sass <rsass@[REDACTED]>; 'Graziano, Joseph A.' <grazianoj@[REDACTED]>; Mele, Raymond
Sent: Thu Nov 18 18:27:15 2010
Subject: Re: SWIP- Fast Track

All -

I checked with Jim and the fast track process is only for those transaction entering into the approval process to get to conditional commitment. □ It can not be used for closing transactions. □ As those that have gone through a closing already can tell us, it is quite detailed with OMB and FFB (down to the penny type of detail). □ Any questions, please let Renee or me know.

Thanks-

Julie

<!--[if !supportLineBreakNewLine]-->

<!--[endif]-->

Julie Stewart | Contractor - Loan Guarantee Program Office
United States Department of Energy

[REDACTED] | stewartjulie@[REDACTED]

On 11/18/2010 9:47 AM, Stamos, John wrote:

When: Thursday, November 18, 2010 10:00 AM-10:30 AM (GMT-05:00) Eastern Time (US & Canada).

Where: 4B-127 (301-903-9177)

-

Note: The GMT offset above does not reflect daylight saving time adjustments.

-

-

I have booked the room/phone number for 10:00 □ 11:00 each Thursday, in case we have to go beyond 10:30.

-

We will use the attached calendar for a discussion on the timing for getting to closure on SWIP-S.

-

JM_00152015

From: Julie Stewart <stewartjulie@[REDACTED]>
Sent: Wednesday, June 23, 2010 7:24 PM (GMT)
To: Fridell, Monique <[REDACTED]@hq.doe.gov>; Renee Sass
<reneesass@[REDACTED]>; Jim McCrea <jimmccrea@[REDACTED]>
Cc: Leong, Alvin <[REDACTED]@hq.doe.gov>
Subject: Re: Merchant "primer" presentation question

Monique

There currently is nothing scheduled but if and when there is it is anticipated to be with the Seconds. Jim can elaborate further on any expected timing.

Renee and I have been working on a PPT for this which we hope to have out to the larger group shortly.

Hopefully this time that vacation of yours does happen.

Julie

-----Original Message-----

From: Fridell, Monique
To: Renee Sass
To: 'Julie Stewart'
To: Jim McCrea
Cc: Leong, Alvin
Subject: Merchant "primer" presentation question
Sent: Jun 23, 2010 3:03 PM

Credit Team,

Do you have a sense of when/to whom we are supposed to make this presentation on merchant plants/PJM, per R Edwards' request?

I only ask because I'll be out between 6/30 and 7/8, so I'm not sure if we would have to do the presentation before I'm out or not until deal is given political green light to be presented to CRB (date unknown at this writing).

Jim, basically, do I need to worry about this now or not?

Monique

Julie Stewart
Credit Consultant

[REDACTED]
E-mail: stewartjulie@[REDACTED]

JM_00207306

From: McCrea, Jim (CONTR) <[REDACTED]@Hq.Doe.Gov>
Sent: Tuesday, August 23, 2011 5:10 PM (GMT)
To: jimccrea@[REDACTED]
Subject: FW: Sage

From: Fridell, Monique
Sent: Tuesday, August 23, 2011 1:09:49 PM
To: Shikany, Ann; Winters, Matthew; McCrea, Jim (CONTR); Crowell, Brad
Subject: RE: Sage
Auto forwarded by a Rule

This is shocking news to me. The project team has been killing itself for weeks to get this deal into the credit approval process. The client was informed at 10 am today that we were launching into the credit approval process.

It should be noted that it is due to Sage's lobbying efforts that LGP has \$170 million available for 1703.

Please advise what I am supposed to tell the client and what J. Silver should advise Senator Franken at 1:30 pm when they speak.

-----Original Message-----

From: Shikany, Ann
Sent: Tuesday, August 23, 2011 12:50 PM
To: Crowell, Brad; Winters, Matthew; McCrea, Jim (CONTR)
Cc: Fridell, Monique
Subject: RE: Sage

I'm looping in the SIO for the project, Monique.

-----Original Message-----

From: Crowell, Brad
Sent: Tuesday, August 23, 2011 12:45 PM
To: Winters, Matthew; McCrea, Jim (CONTR)
Cc: Shikany, Ann
Subject: RE: Sage

If we've told Sage otherwise, then we need to correct that asap.

-----Original Message-----

From: Winters, Matthew
Sent: Tuesday, August 23, 2011 12:38 PM
To: McCrea, Jim (CONTR)
Cc: Shikany, Ann; Crowell, Brad
Subject: Sage

Please do NOT send Sage into the interagency review process.

We are NOT sending 1703 projects over for review - as we have not yet identified the criteria that will be used to select them.

JM_00388805

From: James C McCrea <jimmccrea@[REDACTED]>
Sent: Tuesday, September 1, 2009 12:33 PM (GMT)
To: 'Don Bennett' <benncons@[REDACTED]>; 'Roger McDaniel' <rogermcdaniel@[REDACTED]>
Subject: RE: etc warranty

That is not good but I have wondered about ETC. I think that we will need to address it in the term sheet. We may need to add something that is a place holder that flags that further due diligence is being done. One solution is that if they are too small for the size of the warranty, and I suspect that is what we will conclude, that we may need to require AREVA backstopping if ETC does not put up an LOC to support its warranty. I await your further analysis.

Re the rushed process, I agree. What makes it far worse is that we are doing our analysis, preparing the term sheet etc. (not ETC!!) before the project has really gelled. In the commercial finance world, this transaction would not be ready for real financing discussion/term sheet preparation for at least a year.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



From: Don Bennett [mailto:benncons@[REDACTED]]
Sent: Tuesday, September 01, 2009 8:11 AM
To: James C. McCrea; Roger McDaniel
Subject: etc warranty

After spending most of yesterday analyzing and thinking about ETC, I think I'm more concerned, rather than less so.

We need to find out exactly the name of the ETC entity that intends to provide the warranty. In the original application form, the term ETC and Enrichment Technology Company LLC both are used, but I saw nothing of a US-based subsidiary.

You'll see why I'm concerned a little later with my ETC credit write-up (based solely on a review of the past three annual reports, which is the only info that I've been able to uncover so far). ETC is not a large entity in itself, and seems to operate through 6 geographically separated LLC's, one of which is US. By not large – I mean 95 MM euros of equity, 16 MM euros net income, 210 MM euros of property and equipment, all at consolidated level. Subsidiary info is not divulged. I think we'll want to think about the size of the warranty compared to the financial capability of the ETC holding company, as well as the US subsidiary.

I'm writing up the credit report this morning, will have questions directly related to that, as well as some thoughts on issues related to the warranty and our term sheet. (This strikes me as something that is worthy of discussion in a term sheet – I hope it's not too late to consider points like this. If it's a problem, I would say it's another symptom of a process that's overly and artificially rushed.)

So treat this as an early alert, and let me know if you have any further insights, or anything additional that I should be thinking about in this regard.

Don

JM_00125848

From: Toenniessen, Annika (CONTR) <[REDACTED]@hq.doe.gov>
Sent: Monday, April 2, 2012 8:32 PM (GMT)
To: 'Jim McCrea' <jimmccrea@[REDACTED]>
Subject: RE: QFRs for Secretary Chu's March 13, 2012 SENR Committee Hearing

Got it. Thanks Jim! I'm just swimming in these right now. Appreciate the feedback.

From: Jim McCrea [mailto:jimmccrea@[REDACTED]]
Sent: Monday, April 02, 2012 4:30 PM
To: Toenniessen, Annika (CONTR)
Cc: Wright, Morgan
Subject: RE: QFRs for Secretary Chu's March 13, 2012 SENR Committee Hearing

Annika –

Not sure I have the answers to these. I don't know what S1 had in mind with respect to a self paid program that would also stimulate the most innovative projects. Personally, I am a huge fan of self pay and not a fan of fully appropriated credit subsidy cost as making the Sponsor responsible for some level of credit subsidy cost keeps them focused on the risk that they are trying to have the DOE bear as it feeds back to a credit subsidy cost. Absent that feedback loop, some applicants may be somewhat indifferent to the risks that they are seeking to have the USG take such as from higher leverage, lower debt service coverage, longer tenors, etc. However, I don't speak for the DOE on this topic and the views expressed are solely mine as an interested observer.

I would note that the reference to \$6B of appropriated credit subsidy may have been correct at the outset of 1705 (not sure) but a chunk got pulled to fund Cash For Clunkers and when all was said and done, as I recall we were working with about 2.25 or 2.5B of appropriated credit subsidy for 1705. I don't think that the \$6B reference was aimed at ATVM but I could be wrong. In responding, we might want to nicely but the facts on the table. Morgan would have the details.

Re the Bilbray questions, I don't know much if anything about the criteria that we will be using to select among the applicants for the \$170MM appropriate credit subsidy. Morgan, who has been involved in the discussions is likely to have a better sense of how to respond to those questions.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Toenniessen, Annika (CONTR) [mailto:[REDACTED]@hq.doe.gov]
Sent: Monday, April 02, 2012 4:07 PM
To: 'Jim McCrea'
Cc: Wright, Morgan
Subject: RE: QFRs for Secretary Chu's March 13, 2012 SENR Committee Hearing

Jim,

Any input you can give on these would also be greatly appreciated. I'm not sure if they are within your purview. I understand that I'm throwing a lot your way so if you respond by end of day Wednesday, I'd

JM_00529228

appreciate it. Let me know if you can't provide input on any of these.

Senator Murkowski

Q4. At a clean-energy forum hosted by the *Washington Post* last year, you stated that "we can design a program that is actually self-paid and still stimulate the most innovative industries." I was particularly interested in your reference to a self-paid program, which is not what the stimulus bill's Section 1705 loan guarantees relied upon. As you know, those loan guarantee applicants were granted access to \$6 billion appropriated to cover their credit subsidy costs.

Q4a. In hindsight, do you believe that credit subsidy costs should be self-paid?

A4a. DOE does not believe that these projects would have moved forward as quickly, and many would not have moved forward at all, without loan guarantees and credit subsidies. Several factors, including the long term nature of the financing required, the size of projects, the limited capacity of the credit markets, and the economic terms on which financing, if available at all, would have been provided limited these projects' ability to secure private capital. That result would have been inconsistent with the Congressional intent of ARRA.

Q4b. Do you think it was wise to appropriate \$6 billion in the stimulus to pay for applicants' credit subsidy costs?

A4b.

Q4c. How would you design a self-paid loan guarantee program?

A4c.

The Honorable Brian Bilbray

Q2. With limited funds available, does DOE anticipate prioritizing applicants who are willing to forego credit subsidies in order to maximize the total amount of loan subsidies?

A2.

Q3. In the independent consultant's report, he identified a category of loans which were inherently low risk. Will the Department use category risk (e.g. projects backed with a PPA) level as a criteria to help expedite applications? What other criteria will be considered?

A3.

From: Jim McCrea [mailto:jimmccrea@]
Sent: Monday, April 02, 2012 10:52 AM
To: Toenniessen, Annika (CONTR)
Cc: Wright, Morgan
Subject: RE: QFRs for Secretary Chu's March 13, 2012 SENR Committee Hearing

JM_00529229

I was planning to do total 1603/total 1705 project cost (not DOE loan).

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Toenniessen, Annika (CONTR) [mailto: [REDACTED]@hq.doe.gov]
Sent: Monday, April 02, 2012 10:49 AM
To: 'Jim McCrea'
Cc: Wright, Morgan
Subject: RE: QFRs for Secretary Chu's March 13, 2012 SENR Committee Hearing

Thanks, Jim,

I copied Morgan here. I think the approach we should take is to answer what we can from a DOE level. For example, we can't answer for the states and should just say that. For the last question, traditionally we do not say what the project cost is for specific projects so you can just provide the average across all 1705 projects.

Thanks,
Annika

From: Jim McCrea [mailto:jimmccrea@[REDACTED]]
Sent: Monday, April 02, 2012 10:33 AM
To: Toenniessen, Annika (CONTR)
Subject: RE: QFRs for Secretary Chu's March 13, 2012 SENR Committee Hearing

No problem. I can pull that together, likely tomorrow. See some comments embedded below. You might want to check with Morgan on these points.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Toenniessen, Annika (CONTR) [mailto: [REDACTED]@hq.doe.gov]
Sent: Monday, April 02, 2012 10:26 AM
To: 'jim McCrea'
Subject: FW: QFRs for Secretary Chu's March 13, 2012 SENR Committee Hearing
Importance: High

Hi Jim,

Hope you're doing well. We're working on a slew of QFRs right now and Morgan thought you could answer the

JM_00529230

following coming from Murkowski. Let me know otherwise. These are technically due Friday and we need to get them moving through concurrence. It would be great if you could answer them by end of day tomorrow.

Thanks,
Annika

8) ADDITIONAL SUBSIDY

According to a memo written by administration officials Carol Browner, Ron Klain, and Larry Summers in October 2010, "Project sponsors for all power generation projects under the 1705 program have indicated that they intend to claim a 1603 grant once they enter into service."

How many projects ultimately selected by DOE for Section 1705 loan guarantees have also claimed a 1603 grant (or will be eligible to do so before the 'Placed in Service' and 'Begun Construction' deadlines of October 1, 2012)?

No issue. Call look at the project materials and pull this together.

What is the total government subsidy (federal and state) for Section 1705 loan recipients, including 1603 grants, in dollars? Please provide this on a project-by-project basis and as an average across all projects.

Can provided expected 1603 per DOE records. Don't have good records on state level subsidies and don't know how to get that.

What is the total government subsidy for Section 1705 loan recipients, including 1603 grants, as a percentage of project cost? Please provide this on a project-by-project basis and as an average across all projects.

Can provide for 1705. Don't know what they mean for "total government subsidy" as this can sometimes include depreciation, etc.

From: Parker, Tanisha
Sent: Wednesday, March 28, 2012 7:18 PM
To: Toenniessen, Annika (CONTR); Wright, Morgan
Cc: Owen, Lil; Green, Angela; Crowell, Brad; Secreto, James
Subject: FW: QFRs for Secretary Chu's March 13, 2012 SENR Committee Hearing
Importance: High

The due date is noon, Friday, April 6.

From: Parker, Tanisha
Sent: Wednesday, March 28, 2012 7:03 PM
To: Toenniessen, Annika (CONTR); Wright, Morgan
Cc: Owen, Lil; Green, Angela; Crowell, Brad; Secreto, James
Subject: QFRs for Secretary Chu's March 13, 2012 SENR Committee Hearing
Importance: High

Attached are questions for your office's response from the above hearing.

JM_00529231

Your office is responsible for drafting a response, obtaining the proper principal officer signoff (within your office), and for coordinating appropriate concurrences with DOE staff and program offices. Concurrences must be obtained from CI, GC, PI and CF, and any other office that is mentioned or that oversees a program activity that is referenced in a QFR response. All concurrences must be listed on the concurrence trailer and obtained prior to submission to CI-see the attached sample. Note: If the concurrence requirements are not met, the QFRs will be returned to LPO for concurrence completion.

If an assigned question does not fall within the purview of your office, please inform me immediately via email and suggest the appropriate office for reassignment.

Please provide your responses to me w/cc to Lil and Angela by noon, Wednesday, March 28, 2012.

Thanks in advance, Tanisha (6-1562)

Attachments:

1. QFRs in MS Word for copying
2. Sample Format for QFRS

From: boakley@[REDACTED]
Sent: Tuesday, January 11, 2011 1:57 PM (GMT)
To: jim McCrea <jimmccrea@[REDACTED]>
Cc: rsass@[REDACTED]
Subject: RE: Draft Powerpoint Presentation

Thanks. We'll incorporate / address the comments. Given the number of solar PV firms in the system, it would be good to have some more selective criteria. Stion is far worse and yet it's still moving along.

-----Original Message-----

From: jim McCrea [mailto:jimmccrea@[REDACTED]]
Sent: Monday, January 10, 2011 11:36 PM
To: boakley@[REDACTED]
Cc: rsass@[REDACTED]
Subject: RE: Draft Powerpoint Presentation

I ran through this, made some changes in red and added a bunch of comments.

This is a completely uninspiring transaction. There is just not a compelling story on it and nothing in the presentation gives you a sense that this is real as opposed to completely wishful thinking. If I were on Credit Committee, no way would I vote for this one. I don't know what to do about that but the more I see of this space, the less I like it and I hated it to begin with!!!!

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: boakley@scullycapital.com [mailto:boakley@[REDACTED]]
Sent: Monday, January 10, 2011 9:10 PM
To: jim McCrea (jimmccrea@[REDACTED])
Cc: rsass@[REDACTED]
Subject: FW: Draft Powerpoint Presentation

Jim,

Here is the latest powerpoint. Generally, we're in good shape and will have a draft final paper to you tomorrow. Unless you see something that alarms you, we should be okay for Wednesday.

Regards,
Brian

-----Original Message-----

From: Gheri, Emilio [mailto:[REDACTED]@hq.doc.gov]
Sent: Monday, January 10, 2011 7:31 PM
To: [REDACTED]; Leong, Alvin; Stephens, Scott; 'Mike Ratliff'; [REDACTED]; Renee Sass; Chou, Matthew
Subject: RE: Draft Powerpoint Presentation

Renee, Brian,

Find attached my first set of comments. I will comb the PPT again and provide you with additional comments if any. thanks

Regards,

Emilio J.Gheri

Senior Investment Officer
Loan Guarantee Program
US Department of Energy

JM_00320978

[REDACTED]
Email: [REDACTED]@hq.doc.gov

-----Original Message-----

From: boakley [REDACTED] [mailto:boakley@[REDACTED]]
Sent: Monday, January 10, 2011 5:18 PM
To: Leong, Alvin; Ghersi, Emilio; Stephens, Scott; 'Mike Ratliff';
[REDACTED] Rence Sass
Subject: Draft Powerpoint Presentation

All,

Please find attached the draft consolidated presentation for Solopower.
There are a few bracketed items that remain to be addressed.

For editing purposes, I suggest highlighting changes in a different color
ink. I can consolidate comments on my end.

Thanks,
Brian

JM_00320979

From: McCrea, Jim <[REDACTED]@Hq.Doe.Gov>
Sent: Thursday, July 1, 2010 8:47 PM (GMT)
To: jimmccrea@[REDACTED]
Subject: FW: can u help answer?

From: Westerheim, Ove
Sent: Thursday, July 01, 2010 4:47:22 PM
To: Hurlbut, Brandon; McCrea, Jim; Silver, Jonathan; Arigbede, Kimberley; Richardson, Susan
Cc: Otness, Chris
Subject: Re: can u help answer?
Auto forwarded by a Rule
Yes, on Monday.
-Ove

From: Hurlbut, Brandon
To: Westerheim, Ove; McCrea, Jim; Silver, Jonathan; Arigbede, Kimberley; Richardson, Susan
Cc: Otness, Chris
Sent: Thu Jul 01 16:35:15 2010
Subject: RE: can u help answer?

Have we heard from Treasury?

From: Westerheim, Ove
Sent: Thursday, July 01, 2010 4:24 PM
To: McCrea, Jim; Silver, Jonathan; Hurlbut, Brandon; Arigbede, Kimberley; Richardson, Susan
Cc: Otness, Chris
Subject: RE: can u help answer?

Jim beat me to the punch, but that is the case. The estimate reflected the finite nature of the orders for the receivers to complete the Solana project only.

-Ove

From: McCrea, Jim
Sent: Thursday, July 01, 2010 4:19 PM
To: Silver, Jonathan; Westerheim, Ove; Hurlbut, Brandon; Arigbede, Kimberley; Richardson, Susan
Cc: Otness, Chris
Subject: RE: can u help answer?

The jobs are permanent if the market for the product is there but Abengoa Solana itself is not an on-going market. Presumably, follow on projects from Abengoa and others will make use of the production capacity allowing the jobs to be retained. Further, the existence of the production capacity and the in-place, trained workforce makes it easier and cheaper to sell future capacity assisting in the process of making the jobs long term and permanent. At the same time, the Solana project helps demonstrate the technology which also increases demand having the same impact on the manufacturing jobs.

Jim

JM_00204543

James C. McCrea
Senior Credit Advisor
Loan Programs
U.S. Department of Energy

From: Silver, Jonathan
Sent: Thursday, July 01, 2010 4:07 PM
To: Westerheim, Ove; Hurlbut, Brandon; Arigbede, Kimberley; McCrea, Jim; Richardson, Susan
Cc: Otness, Chris
Subject: Re: can u help answer?

This raises more questions than it answers. What happens after that year? The question was about permanent jobs.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

From: Westerheim, Ove
To: Hurlbut, Brandon; Arigbede, Kimberley; McCrea, Jim; Richardson, Susan
Cc: Otness, Chris; Silver, Jonathan
Sent: Thu Jul 01 14:33:40 2010
Subject: RE: can u help answer?

Further to the follow on question from this morning, for the Schott receiver plant, the Solana project will employ approximately 200 people for about one year to manufacture the receiver tubes necessary for the Abengoa project.

Hope this helps.

Regards,
Ove

From: Hurlbut, Brandon
Sent: Thursday, July 01, 2010 9:19 AM
To: Westerheim, Ove; Arigbede, Kimberley
Cc: Otness, Chris
Subject: RE: can u help answer?

Great – thanks!

From: Westerheim, Ove
Sent: Thursday, July 01, 2010 8:49 AM
To: Hurlbut, Brandon; Arigbede, Kimberley
Cc: Otness, Chris
Subject: Re: can u help answer?

Both figures are per annum. It is 70,000 homes per year and 475,000 tons of greenhouse gases avoided per year.

Let us know if you need anything else.

Regards,

JM_00204544

Ove

From: Hurlbut, Brandon
To: Westerheim, Ove; Arigbede, Kimberley
Cc: Otness, Chris
Sent: Thu Jul 01 08:42:00 2010
Subject: FW: can u help answer?

Can you help me answer the 2 questions below for the President's speech?

From: Oxhorn, Elizabeth A. [mailto: [REDACTED]@ovp.eop.gov]
Sent: Wednesday, June 30, 2010 7:19 PM
To: Hurlbut, Brandon
Subject: can u help answer?

From: Keenan, Cody
Sent: Wednesday, June 30, 2010 7:18 PM
To: Oxhorn, Elizabeth A.
Subject: RE: summary

Hey, one thing on this – and an answer tomorrow is totally fine – do you know the timeframe for these numbers? 70,000 homes per year? 400,000 tons over a decade? Etc.

Once completed, Solana will have a capacity of 280 megawatts and is expected to provide clean, green electricity to power 70,000 homes, while avoiding over 400,000 tons of greenhouse gases.

JM_00204545

From: jim McCrea <jimmccrea@[REDACTED]>
Sent: Wednesday, December 1, 2010 1:37 AM (GMT)
To: 'Julie Stewart' <stewartjulie@[REDACTED]>
Cc: 'Renee Sass' <rsass@[REDACTED]>
Subject: RE: STP update

I heard at dinner that Terry had informed Paul this evening that Crane is also trying to see the VP.

We also chatted about contingent equity and I agree with your position. As Paul and I discussed, it is not really a liquidity issue. Rather it is a credit issue given the weak credit. I told him that we had tried real hard to get an LOC for Darling (1/2 of the Sponsor group in Diamond Green Diesel) and could only get a segregated account for 27% of the equity contribution. In the absence of a LOC, I have told everyone that I will simply adjust (the work I use if "whack") the credit subsidy cost. In DGD, that has no impact on the Sponsor but I told Paul that I have no issue making a similar adjustment to NRG!!!

Very helpful summary except t=for the part that seems to have somehow been translated into Greek or Russian in a couple of paragraphs!

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Julie Stewart [mailto:stewartjulie@[REDACTED]]
Sent: Tuesday, November 30, 2010 8:11 PM
To: 'James C McCrea'
Cc: Renee Sass
Subject: STP update

Jim -

Renee and I wanted to give you an update on STP and would like to set up a call for tomorrow to discuss. First, we understand that David Crane of NRG is coming in to meet with Jonathan regarding STP next Monday. The deal team is in the middle of the negotiations with NRG regarding the contingent equity requirements (as a result of the new EPC arrangements) and they will be preparing a briefing for Jonathan. Apparently, NRG is coming in so that they "can avoid the problems of Unistar on the Credit Subsidy Process" and there is a concern that Crane is also here to negotiate key outstanding points in the Term Sheet (which are discussed below).

Regarding the negotiations, as we see it, there are currently two key issues.

- the amount of contingent equity ("Overrun Equity Commitment") required; and
- the timing of/security for that commitment and for the Debt Service Reserve (\$800 million, 12 months).

Amount

The original contingent equity was a 'to be negotiated' amount of up to \$500 million. We looked at it as \$500 million to fill any holes in the EPC at Closing; NRG looked at it as something they would have tried to

JM_00061650

otiate to zero as the final pricing of the EPC was locked down.

DOE's advisors have very different opinions of the new EPC arrangements. The lawyers think it is worse than the original EPC; the IE thinks it is okay. Thus – their views regarding the required amount of contingent equity are not on the same page.

ΔΟΕ σταρτεδ τη νεγοτιατιονσ βψ ασκινγ φορ Ξ1.5 βιλλιον, ωηιχη ωασ βασεδ ον τη τοταλ ρεδυχτιον ιν τη λιμιτ οφ λιαβιλιτιν φρομ τη οριγιναλ ΕΠΧ ανδ νοτ τακινγ ιντο αχχουντ ανψ οτηερ φαχτορσ ιν τη νεω ΕΠΧ. Τηεψ ηαπε σινχε λοωερεδ τηειρ ασκ το Ξ1 βιλλιον βασεδ ον θυαλιτατιπε ρεασονσ λικε Σηαωεσ ρεπυτατιον. The rationale for the \$1 billion has not been fully laid out in a way which we think is fully supportable and, obviously, gets influenced by the various negotiating positions of NRG.

Our Credit message to the team has been - we are not agreeing or disagreeing to \$1 billion, but we have communicated several times that the justification for \$1 billion has to be stronger.

Timing/security

Τηε φιρστ παρτ οφ τηισ ισσυε αδδρεσσεσ τηε φαχτ τηατ ιν μοστ χασεσ, τηε φυνδινγ οφ ανψ χοστ οπερρυνσ ωιλλ βε λατερ (νοτ εαρλιερ) ιν τηε χονστρυχτιον προχεσσ ανδ αλσο τηατ τηε Δεβτ Σερπιχε Ρεσερπε ισνετ νεδεδ υντιλ Χομπλετιον. However, while we agree that the potential funding of these amounts is not required until later in the process, we do need an assurance that these funds will be there when needed (since 50% of the equity will be NRG credit, which is BB-). As with any equity obligation, we believe there needs to be an investment grade guarantee or LC in place.

The deal team is trying to find solutions such that the \$1.8 billion (\$1 billion of contingent equity and \$800 million of DSR) does not all have to be in place at Financial Close, because the Sponsor is saying that it will be too costly for them and ruins their returns if it is required to be in place at Financial Close. We are not sure where we will come out between the deal team, NRG and what credit is comfortable with. We are trying to work with them and be creative, but today told them that we believe that at Financial Close, there needs to be security of at least \$1 billion in place to cover these two obligations (and that the balance can not go below \$800 million). A BB- credit is not good enough to secure this obligation. An LC, cash or an investment grade guarantee is needed. If this level of support is not in place, then the Risk/Recovery of the Analysis of the transaction will be impacted significantly.

We reminded the deal team that they should negotiate the best deal they can, and then bring it back to Credit to rate. However, we are all trying to keep the deal as strong as possible, so that the current rating of BB+ 60/65 remains flat or goes up, but does not go down. As I explained, if we don't have LC's for NRG's contingent equity commitments, we will then have to look at those obligations as BB-. Theoretically, the risk of a higher credit subsidy rate should influence the Sponsor to want to strengthen the deal, not worsen the deal.

Overall, we just want you to be informed of the issues as they currently stand. We believe that on the timing issue, requiring an LC or Investment Grade security for at least \$1 billion is very justifiable; however, the overall rationale for the \$1 billion of contingent equity may need more work (both to show Credit that it is enough and to show NRG that it is not too much).

Talk to you tomorrow.

Renee and Julie

--

Julie Stewart | Contractor - Loan Guarantee Program Office
United States Department of Energy

JM_00061651

[REDACTED] | [stewartjulie@\[REDACTED\]](mailto:stewartjulie@[REDACTED])

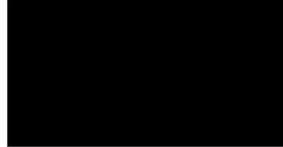
From: James C McCrea <[REDACTED]>
Sent: Thursday, July 15, 2010 3:10 AM (GMT)
To: 'Silver, Jonathan' <[REDACTED]@hq.doe.gov>; 'Frantz, David' <[REDACTED]@hq.doe.gov>; 'Richardson, Susan' <[REDACTED]@hq.doe.gov>; 'Seward, Lachlan' <[REDACTED]@hq.doe.gov>
Subject: RE: Principals Meeting

Here is one which we should think about but which we might conclude is not for this one but rather for discussion in the future. The calculation of credit subsidy cost on 1603 transactions is very complex and difficult using the OMB mandated methodology. We never got OMB to admit that the 1603 cash flows are inherently less risky than the underlying project cash flows. Life would be a lot easier if we just put the cash flows in one model and let it plug and chug to the CSC for a 1603 transaction. This would over estimate the CSC given that the 1603 cash flows are inherently less risky but so what. That overstatement would be worth it for the simplified calculation process and would help build us a cushion of aggregate CSC transaction by transaction.

Downside is that it might well reopen a can of worms, trigger "policy" debate about 1603 with Treasury (double dipping) with all of that occurring before a lame duck. It might be a lot better to tackle something of this magnitude before a fresh OMB director.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



-----Original Message-----

From: Silver, Jonathan [mailto:[REDACTED]@hq.doe.gov]
Sent: Wednesday, July 14, 2010 10:37 PM
To: Frantz, David; 'jimccrea@[REDACTED]'; Richardson, Susan; Seward, Lachlan
Subject:

There will be one more principals mtg with chu and orszag before he goes. Need our agenda items. Things that can be solved in a mtg. Manufacturing solicitation and 48c
Others?

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy



JM_00071760

From: McCrea, Jim <[REDACTED]@Hq.Doe.Gov>
Sent: Thursday, June 10, 2010 4:39 AM (GMT)
To: jimccrea@[REDACTED]
Subject: FW: Abengoa -- Final DOE Responses --OMB and the Recovery Rating

From: Isakowitz, Steve
Sent: Thursday, June 10, 2010 12:39:06 AM
To: McCrea, Jim
Subject: Re: Abengoa -- Final DOE Responses --OMB and the Recovery Rating
Auto forwarded by a Rule
Thanks, Jim. We ought to consider how we might break this logjam. For example, what if we had a blue ribbon review team come in to assess the quality of our process and based on the review get OMB to let go.

Steve

From: McCrea, Jim
To: Isakowitz, Steve
Sent: Wed Jun 09 23:48:52 2010
Subject: FW: Abengoa -- Final DOE Responses --OMB and the Recovery Rating

Steve --

At CRB today we had a brief discussion about what is going on with OMB and the recovery ratings. The e-mail at the bottom shows what they give us on the credit subsidy cost analysis and the way in which we are forced to respond and document our differences. Red text is our rebuttal. They simply do not seem inclined to be bound by the agreed upon process but rather want to put a heavy and arbitrary thumb on our risk rating and our recovery ratings. Abengoa is one of the very few where they did not want to downward adjust the credit rating that comes out of the Internal Risk Rating model which we strictly apply. There is no grade inflation in the risk and recovery scores from Credit. Our Recovery Ratings are almost without exception adjusted downward. It is rather astounding that the DOE Credit team with an average of 25 years of energy project finance and heavy duty credit experience can so consistently be wrong and the adjustments required to correct our work are always downward.

The process of documenting things as we did in the e-mail below is essential because another thing that happens all the time is that OMB compares one transaction to another in a search for consistency. If we do not challenge their review of Abengoa but simply accept the 45% recovery ratings, when the next transaction come along that is worse than Abengoa, we will be at 40% and comparative consistency to Abengoa will require that. It is truly a humbling experience for the entire Credit team. We have never in our lives been so wrong and done such consistently poor work! AREVA was a shocking wake up call on Credit Subsidy Cost. There was absolutely no overlap between the DOE credit subsidy cost range and the OMB range. In fact, the low end of the OMB range was more than \$2 million higher than the upper end of the DOE range and since they lowered both risk rating and recovery ratings, the OMB range was wider than the DOE range. Their work simply cannot be justified and does not withstand even modest scrutiny. At some point, especially on a 1703 transaction that must withstand public scrutiny, GAO and or the Hill, goaded by an irate applicant, will have a field day and no one will be able to defend credit subsidy cost results because the agreed upon process has been thrown out the window and an ad hoc arbitrary method is used to adjust the ODE numbers which are prepared strictly by the mandated process.

If you have questions, please let me know.

Jim

JM_00212340

Jim McCrea
Senior Credit Advisor
Loan Programs
U.S. Department of Energy
[REDACTED]

From: McCrea, Jim
Sent: Wednesday, June 09, 2010 12:49 AM
To: 'Colyar, Kelly T.'; Frantz, David; Kittell, Matthew; boakley@[REDACTED]; anthony.curcio@[REDACTED]
Cc: Saad, Fouad P.; Silver, Jonathan; Poneman, Daniel
Subject: RE: Abengoa -- Final DOE Responses

Kelly & Fouad

DOE has run the cash flows for credit subsidy cost purposes using your methodology and will present those Credit Subsidy Cost numbers to CRB tomorrow. However, this does not represent DOE agreement with your approach and methodology. As you know, DOE and OMB spent significant amounts of time dealing with the Recovery Rating Matrix and the 55% base line recovery rating was the result of that intense process. The model was specifically intended to make it very difficult to notch up, hence the requirement in each tab for an 8.0 or higher score for a 5% notch up. Likewise, the model was equally designed to avoid arbitrary notching downward by requiring a 2.0 or lower score for a -5% notch. We do not think that it is appropriate that either agency start making arbitrary notching decisions outside of the model methodology given its history and the interagency agreement. All of the DOE recovery ratings have been generated by the strict application of the model and DOE will not accept the validity of recovery ratings not generated through the strict application of the model. However, as stated above, for the purposes of the Gate 2 credit subsidy cost we will use the cash flows generated using the OMB values of BB/45%/45%. Although you did not specify, DOE assumes that you intended to convey to us an OMB view that the recovery rating was 45% in both the pre and post completion periods.

Our specific responses are embedded in the e-mail below in red and bold as is our practice.

As a result of some computer issues, the required cash flow files as well as the amortization schedule referenced in response to Technical Questions below will be sent shortly attached to a separate e-mail.

Jim

Jim McCrea
Senior Credit Advisor
Loan Programs
U.S. Department of Energy
[REDACTED]

JM_00212341

From: Colyar, Kelly T. [mailto:██████████@omb.eop.gov]

Sent: Tuesday, June 08, 2010 11:11 AM

To: McCrea, Jim; Frantz, David; Kittell, Matthew; boakley@██████████; anthony.curcio@██████████

Cc: Saad, Fouad P.

Subject: RE: Abengoa -- Final DOE Responses

Jim/Dave,

Thanks for the additional information on the Abengoa Solana project. We appreciate DOE's efforts to address these questions. DOE's responses have largely addressed most of our concerns. However, I wanted to follow up on a few items so that we can close out the Gate 2 estimate for this project. Specifically, OMB suggests the following:

DEFAULT RATING

OMB concurs that DOE's proposed default rating of BB is reasonable at this stage. However, the current conditions in Europe and potential changes to the Spanish renewable energy subsidies warrant ongoing monitoring given the project's reliance on Abengoa S.A for the parent guarantee. Material changes in the parent company or European market more broadly may require an adjustment at a later stage. We look forward to discussing the current status with DOE prior to closing.

DOE agrees that ongoing monitoring of Abengoa S.A.'s financial situation should be conducted and revisited prior the closing. DOE would (and will) do this in the ordinary course as this is a normal part of the DOE continuing due diligence between conditional commitment and closing.

RECOVERY ESTIMATE

1. **Contractual Foundation: (NOTCH DOWN 5%)** As DOE notes, in limited recourse financing, a project's contractual framework and foundation of the financing represents an important consideration for a lender. This is particularly true under a stressed situation since the lender may only look to the project's cashflows and other collateral pledged for satisfaction of the obligation. In the case of Abengoa, the specific nature and structure of the project warrants consideration.

As compared with a typical project finance structure, the Leveraged Lease structure introduces an additional layer of complexity with the inter-relation of the project contracts, which increases the opportunity for misalignment among those contracts. The structure also reduces the overall transparency in the project. Rather than looking to one entity for executing DOE's step-in rights in a workout situation, DOE would need to look to the various contracts and obligations of two entities, complicating, and in all probability delaying, recovery in the event of a default. Further, in the case of Abengoa, many of the project contracts are with company affiliates which limit the degree of risk transfer and could reduce recoveries under a default situation. Each of these factors individually warrants consideration. We propose incorporating both through a single notch to 'contractual foundation' in the recovery estimate.

DOE does not disagree with your assessment of the transaction structure and its attendant complexities. However, as you are well aware, by design, the Recovery Matrix does not change easily based on one to two specific attributes. While the items outlined above will lower the score under "Contractual Foundation," we do not believe these attributes will result in a downward notch under this category and therefore such notching will not be substantiated by our agreed upon methodology.

2. Sponsor Equity Contribution: (NOTCH DOWN 5%) While we agree that the overall capitalization of the project meets the basic requirements of the program, the composition of the equity contribution warrants consideration. During both the pre- and post-COD phases of the project, the sponsor has a limited equity contribution in the project (10.4% during construction, 15% post COD). Both DOE and OMB agree that under a default situation, the interests of tax equity and DOE as the senior lender would likely diverge. While the tax equity contribution may be necessary to finance the project, the limited sponsor equity contribution should be captured in the credit subsidy estimate. Consistent with other categories, OMB proposes a 5% notch for this factor.

DOE notes that there is not a tab in the recovery matrix called “Sponsor Equity Contribution” and therefore, it appears that OMB is proposing an arbitrary notching that is not consistent with the agreed upon methodology. Is OMB proposing to revise the recovery matrix to add a new tab?

TECHNICAL ISSUES

Per our conversation Thursday, we look forward to seeing DOE’s proposal on language to include in the term sheet to bound the potential cost of a modification. As we also discussed, it would be helpful to see the analysis DOE conducted in developing the revised cashflows so that we can get develop a mutual frame of reference for how conservative the revisions are along with the baseline assumptions that would be included in the estimate (per A-11). I think we both agree that avoiding appropriations risk is the best outcome. We appreciate DOE’s efforts to date to develop an appropriate path forward. If we need an additional call this week to close this out, let me know.

As we discussed, DOE believes that the Term Sheet language as currently written will avoid the need for a modification. The change in the amortization schedule post LLCD is contemplated in the Term Sheet and will be further detailed in the financing documents as part of the closing process. As we shared in our last correspondence, DOE believes that the average life limitation of 16.3 years effectively limits the cost of the option to change the amortization at the Leveraged Lease Commencement Date.

With regard to the analysis supporting our assessment that changes to the amortization schedule will not result in an increased cost to the government, DOE has conducted further analysis. DOE will run the Gate 2 subsidy utilizing the amortization in the attached Excel file. This amortization schedule results in a post LLCD average life 21.6 years which is 5 years longer than the average life in the current model that is before OMB. To the extent the final financing documents and commitments reduce the uncertainty related to the reoptimization of the amortization schedule, DOE intends to revisit this issue as part of the Gate 3 process.

Thanks again for the quick turn around on responses. Please let me know if you have any questions.

From: McCrea, Jim [mailto:██████████@Hq.Doe.Gov]

Sent: Tuesday, May 25, 2010 6:59 PM

To: Colyar, Kelly T.; Saad, Fouad P.; Carroll, J. Kevin; Mertens, Richard A.; Lyberg, Sarah A.; Stein, Nora; Frantz, David; Westerheim, Ove; Arigbede, Kimberley; Kim, Dong; Gorman, Patrick; 'john.ashburne@██████████'; Kittell, Matthew; 'boakley@██████████'; 'anthony.curcio@██████████'; Aldy, Joseph E.; Browner, Carol M.; Ericsson, Sally

JM_00212343

C.; Farrell, Diana; Liebman, Jeffrey B.; Poneman, Daniel; Silver, Jonathan; Zichai, Heather R.;
[REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov;
[REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov;
[REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov;
Preston Atkins ([REDACTED]@do.treas.gov); [REDACTED]@do.treas.gov
Subject: Abengoa -- Final DOE Responses

OMB, Treasury & FFB Colleagues –

DOE is pleased to provide its final responses to the two sets of questions that it received from you. DOE has now provided 100% of the necessary responses. As before, revisions are highlighted in yellow and include [REVISED]. In this response, DOE has responded to term sheet questions 25 and 26, revised and amplified its previous response to term sheet question 28 and amplified its response to term sheet question 30.

Paula – I believe that I have the full complement at Treasury/FFB per your instruction.

Jim

James C. McCrea
Senior Credit Advisor
Loan Programs
U.S. Department of Energy
[REDACTED]

From: McCrea, Jim <[REDACTED]@Hq.Doe.Gov>
Sent: Tuesday, June 29, 2010 8:53 PM (GMT)
To: jimccrea@[REDACTED]
Subject: FW:
Attach: Treasury consultation memo.docx; Treasury Consultation Talking Points.docx

From: Silver, Jonathan
Sent: Tuesday, June 29, 2010 4:52:51 PM
To: McCrea, Jim; Frantz, David
Auto forwarded by a Rule

You asked for a set of these at the brown bag today...

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585
[REDACTED]

OVERVIEW

The Loan Guarantee Program (LGP) is required to consult with Treasury on all loan guarantee transactions. Treasury, principally through the small policy shop in the office of the Assistant Secretary for Financial Markets, has taken an increasingly expansive view of the largely undefined requirement for consultation. As a result, Treasury consultations (which often mirror the work OMB does) are causing serious delays in moving loans through the approvals process. Treasury's review now rivals OMB's in the time it takes to complete and the intensity of the review. As more and more projects move through the system, this delay is only likely to get worse.

CONSULTATION REQUIREMENT

Under Section 1702 of the EAct of 2005, the Secretary is empowered to make guarantees "...on such terms and conditions as the Secretary determines, after consultation with the Secretary of the Treasury..." The Final Rule in §609.7 on Programmatic, Technical and Financial evaluation of Applications, states "Concurrent with its review process, DOE will consult with the Secretary of the Treasury regarding the terms and conditions of the potential loan guarantee." and §609.9 (d)(4) states that prior to, or on, the Closing Date DOE will ensure that "The Department of the Treasury has been consulted as to the terms and conditions of the Loan Guarantee Agreement." No further elaboration is provided.

BRIEF HISTORY of THE DOE-TREASURY CONSULTATION PROCESS

In October, 2009, the original loan guarantee team met with senior management of the Federal Financing Bank (FFB) to design an appropriate consultation process. (The FFB is the agency at Treasury that handles all the cash flows for the loans.) By mutual agreement, the LGP began to provide Treasury/FFB with copies of the credit paper and term sheet for each transaction and followed that up with a conference call to answer any questions. Treasury then sent an email stating that the consultation requirement had been met. This process took about an hour for each transaction.

Beginning in Q1 2010, at OMB's request, Treasury/FFB began for the first time to attend the full briefings that LGP conducts for OMB on each transaction. As a result, the Treasury team began requesting additional materials. (Later, Treasury stopped attending the OMB meetings, a de-linking that has generally been helpful to the LGP, but requested their own briefing.)

Currently, at Treasury's request, we deliver the full package of materials that we deliver to OMB to 13 different individuals at Treasury/FFB, including:

- 1) credit paper
- 2) briefing presentation
- 3) term sheet
- 4) transaction financial model
- 5) independent engineer's report
- 6) market consultant's report
- 7) rating agency credit assessment
- 8) LGP internal risk rating workbook
- 9) LGP recovery rating workbook.

This package is followed up with a full briefing subsequent to which Treasury/FFB now issues the LGP a set of written questions much like the questions LGP receives from OMB. LGP replies with detailed written responses.

Where Treasury determines that there are potential policy concerns (and, to date, they have had concerns on nearly every project), Treasury staff, and often OMB and the NEC, get involved. Further briefings and discussions ensue.

Once the policy discussions conclude (and there is no timetable for that), Treasury issues a notice of consultation. These notices now come heavily caveated and recent notes have required DOE to re-consult if there are material changes to a transaction or about specific topics Treasury finds of interest. (Note that there is no legislative or statutory language that authorizes or requires a re-consult.) The dialogue with Treasury/FFB does not have an agreed upon timeline and can take an extended time.

RECENT EXAMPLES

The following are examples of recent issues surfaced by Treasury which have had a significant adverse impact on the timing of LGP transactions:

Abengoa: Treasury debated the use of a traditional leveraged lease transaction in spite of confirmation by DOE's outside counsel that the transaction was standard. (Similar leveraged lease structures have been used to finance many large scale power plants, and many of the features which Treasury objected to are used to finance the majority of the large commercial aircraft in the US commercial aviation fleet.) For a long time, Treasury pushed for the LGP to obtain a Private Letter Ruling from the IRS, despite the fact that the last PLR issued on a leveraged lease transaction took place in 1991. Treasury later "allowed" the transaction to proceed with a "will" opinion, which will require some level of restructuring of the transaction in the final documents before such an opinion can be obtained.

First Wind: Treasury would not provide the FFB spreads required to calculate the cash flows and final credit subsidy number in a timely fashion, which caused the company to miss a unique announcement opportunity. Treasury apparently has instituted a new policy emanating out of the Assistant Secretary's office that requires FFB to calculate spreads, get them approved by the FFB board and THEN be re-reviewed by the policy team in the Assistant Secretary's office.

New Manufacturing solicitation: Concern over "double dipping" by permitting an applicant to obtain a 48c grant (a tax credit provided after, but only after, a company is profitable) has stalled release of the solicitation. There is a simple solution to this issue which LGP has suggested but which for reasons that are still unclear, do not appear to assuage Treasury.

There are many, many more examples.

PROPOSED ACTION

LGP and Treasury should enter an MOU which defines Treasury's consultative role. Specifically, Treasury should ensure that LGP has completed its work in a thorough and professional manner against a checklist of items to be mutually agreed upon. Treasury should review the credit paper for potential policy items but does not need, and should not have, access to any other materials and should have 3 business days to surface any potential policy issues. Absent a finding that there are legitimate policy issues, Treasury will be deemed to have been consulted. There will be no further consultation post the initial review.

From: John Woolard
Sent: Tuesday, December 08, 2009 9:07 PM
To: Natalie Schaefer; 'Steve McBee'; Jack Jenkins-Stark; Joshua Bar-Lev
Subject: RE: Bobby K. please read.

5:45 should work

-----Original Message-----

From: Natalie Schaefer
Sent: Tuesday, December 08, 2009 1:06 PM
To: John Woolard; Steve McBee; Natalie Schaefer; Jack Jenkins-Stark; Joshua Bar-Lev
Subject: RE: Bobby K. please read.

Great- when should we move our McBee call to?

-----Original Message-----

From: John Woolard
Sent: Tuesday, December 08, 2009 1:05 PM
To: Steve McBee; [REDACTED]@brightsourceenergy.com; Jack Jenkins-Stark; Joshua Bar-Lev
Subject: FW: Bobby K. please read.
Importance: High

Just got scheduled with Chu at 5:15 today for a call - JW

-----Original Message-----

From: Kris Courtney
Sent: Tuesday, December 08, 2009 12:02 PM
To: John Woolard
Subject: Bobby K. please read.
Importance: High

Call Bobby when you have a moment.

He spoke with Carol Browner, who spoke with DOE and DOE promised a call back to you/BSE within 24 hours. He also spoke with Ed Markey. Wants you to call him so he can brief you.

k

From: James C McCrea <jimmccrea@[REDACTED]>
Sent: Friday, May 7, 2010 10:28 PM (GMT)
To: 'Sandra Claghorn' <sandra.claghorn@[REDACTED]>
Subject: RE: First Wind - Fitch

Been in meetings all day including pre brief of Dep Sec on AREVA and Abengoa and then AREVA stuff that just finished. My 8PM Shuttle got canx and I am now on the 9PM. Between you and me, OMB is really really wondering what the heck is going on on FW and sending something over with that caveat is a huge issue. JS can't figure why we can't get the docs done in the next couple of days so they can be given to Fitch. He is heading to a meeting on Monday with all of us to address that. I may call in or I may come down. Time not set yet but will be PM most likely.

Monique overdrove this and the OMB concern is now at the Liebman (Deputy Director) level. Jonathan has told them clearly that the FW ball is in the DOE court. Sending that Fitch report over will kill us. My fear is that FW gets put on the agenda for the first meeting between meeting in a week or so between Chu and Orszag as they sit down bi-weekly to referee the relationship.

More to come over the weekend.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Sandra Claghorn [mailto:sandra.claghorn@[REDACTED]]
Sent: Friday, May 07, 2010 5:37 PM
To: Jim McCrea
Subject: First Wind - Fitch

Hi again-

The letter came in today with a big caveat that Fitch had not yet reviewed the financing docs. Monique called and asked what to do (because I hadn't been clear earlier, I guess...). Anyway, we decided that it was important to explain exactly what docs need to be substantively negotiated before we submit to FFB. With that in mind, I'm going to prepare a spreadsheet outlining in general what terms are in what documents. Monique noted that we don't want to send the Common Agreement and assume that we are "done" when the Sponsor Guaranty, the Collateral Agency Agreement and the Security Agreement have not yet been negotiated. Monique noted that they have only negotiated the Common Agreement and will be negotiating key docs "right up to the night before closing".

Anyway, in the interest of bridging this communication gap, I will send you an outline of which terms are in which documents and we can hopefully then all agree on which docs need to be substantively completed and reviewed by Fitch before we can submit to OMB.

Thanks again-
Sandy

Sandra Claghorn

JM_00078063

Credit Consultant
LGPO / ATVM



From: Roger McDaniel <rogermcdaniel@[REDACTED]>
Sent: Tuesday, March 2, 2010 4:19 PM (GMT)
To: Anthony Curcio <anthony.curcio@[REDACTED]>; Brian Oakley <boakley@[REDACTED]>
Cc: Jim McCrea <jimmccrea@[REDACTED]>
Subject: OMB scoring

It is very possible that the OMB approach could result in a lower CSC than the approach that we are working on. Here's an example, using First Wind (\$89 million project loan, \$28 million 1603 tax grant loan):

Our approach

\$89 mm project loan, 18 years, BB rating: Subsidy cost of 1.7% = \$1.5130 mm.

\$28 mm 1603 tax grant loan, 5 years, A rating: subsidy cost of, say, 0.4% = \$0.112 million

Total subsidy cost of \$1.625 million.

OMB approach (using the correct rating for the 1603 tax grant loan)

Re-amortization of 1603 tax grant loan loss = \$0.112 million.

Resulting adjusted project loan: \$89.112 million.

If the minimum DSCR has not changed "materially" (see below), the credit rating should not change, so the subsidy cost would be 1.7% x \$89.011 million = \$1.515 million.

In this example, the OMB approach has a credit subsidy cost that is about \$110,000 lower.

"Materially"

One element of the complexity of OMB's approach is their notching. For example, if the minimum DSCR after re-amortization is between 1.25 and 1.35, they would reduce the rating by one notch. But if, say, the minimum DSCR was originally 1.30 and the adjusted minimum DSCR is 1.27, there shouldn't be any notching. Even accepting their approach, it's not the resulting minimum DSCR that should be considered but the change in the DSCR. If there's not a material change in the minimum DSCR, there should be no notching even if it's a low minimum.

Of course, the minimum is only one part of DSCR analysis. It's more important in some projects than others. In many projects, the average (properly construed) will be more important, and in some projects (e.g., AREVA) it's the sensitivity cases that are more important.

Roger

From: James C McCrea <jimmccrea@[REDACTED]>
Sent: Friday, June 4, 2010 4:19 AM (GMT)
To: 'Roger McDaniel' <rogermcdaniel@[REDACTED]>; 'Brian Oakley' <boakley@[REDACTED]>
Subject: FW: USRG Interest Rate
Attach: FIPP Interest Rate Calculation.xlsx

Roger –

Unless someone shows me an error in your calcs (which I doubt there is), I am in complete agreement with you. This is exactly what Treasury and OMB were asking about in their attempt to see what was happening within Hancock when the Blue Mountain transaction got placed in their managed funds. Therefore, we know it is on their radar screen. Bloom is another example (control of IPO proceeds) that it is on very high level radar screens.

The second point that is worth making and keeping in mind is that we see a lot of very quantitative people at OMB and Treasury. It is really only a matter of time before they figure out some similar form of analysis. This will be a logical result of them mulling over the question as they are already doing. If they come to their analysis and we have not controlled things, there will be hell to pay, up to and including putting all transactions on hold til things are sorted out. In short, the risks associated with proceeding with transactions structured such as USRG are pretty high.

I am copying Brian on this as I would like him to review your methodology and comment on it. That way there is a greater prospect that we have caught any methodological errors and issues. I recognize that at least Peter and Morgan are pretty insensitive to the concerns that you and I have. However, their insensitivity is a result of not having had to deal with OMB, Treasury and the WH which has in turn allowed them to continue to wear their commercial world blinders, the blinders which we have all had painfully ripped from our heads!

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Roger McDaniel [mailto:rogermcdaniel@[REDACTED]]
Sent: Thursday, June 03, 2010 1:18 PM
To: 'Jim McCrea'
Subject: RE: USRG Interest Rate

FYI:

This may not be specifically your responsibility, but your antennae are the most finely tuned, so you should be up on this issue.

I had a call on this subject with Peter and Morgan this morning, with Jonathan dropping in. I don't want to be oversensitive to this issue, and I would appreciate your views, but here's a brief summary, using the rough all-in rate of 7% quoted by USRG (approximately T+350) and the T+150 quoted by Hancock for Blue Mountain guaranteed portion:

If you unbundle 7% using T+150 for the 80% guaranteed piece, USRG will get T+1100 for its unguaranteed piece. They

JM_00076198

are proposing to turn this piece into a first-loss position, so we can probably get close enough to justify the rate as subordinated debt, although I still expect OMB/Treasury to react.

Here's the rub that I have identified but that our audiences may not bring up:

Since we guarantee 80% of the total, we'll be guaranteeing T+350 on 80%. But the AAA holders will only receive T+150. The extra 200 bp goes to USRG, and that's what get it to the 1100 bp spread. So far, so good.

However, since that extra 200 bp is guaranteed, part of USRG's 1100 bp is guaranteed.

When I unbundle the 20% USRG share, I get 13% of it covered by the 200 bp skim (assuming T+150, since it's guaranteed).

That means that on the 7% that is really at risk, USRG gets T+2000 [sic].

(13% @ T+150 blended with 7% @ T+2000 = ~T+1100 bp)

T+ 2000 is in the neighborhood of a 24% coupon.

My concern is (a) 24% for even a subordinated debt position is awfully high, but Jonathan and CRB may not ask my opinion, and (b) if a number that high becomes known, it will be very hard to defend to CRB, OMB, Treasury or the White House. Jonathan may choose not to present this analysis, but he certainly needs to know about it and to know what the answer is if someone asks.

I'll be putting together a summary of this that will attempt to be understandable. I'm trying for tomorrow.

From: Roger McDaniel [mailto:rogermcdaniel@██████████]
Sent: Wednesday, June 02, 2010 9:25 PM
To: "Peter O'Rourke"; 'Jim McCrea'; Morgan Wright (██████████@hq.doe.gov)
Subject: RE: USRG Interest Rate

In anticipation of our meeting tomorrow morning, I have attached a spreadsheet on my point 2 below. Here's what I found, using approximate Blue Mountain numbers (approximate, because I assumed annual amortization rather than quarterly).

In Blue Mountain, the 80% guaranteed interest rate is assumed to be 5.49% (assumed 3.54% T-rate plus blended spread of 1.95%). But because only 1.50% of spread is assigned to the AAA-rated guaranteed portion, part of the unguaranteed portion is effectively guaranteed. If we allocate a guaranteed spread of 1.50% to that portion, the remainder (the portion really at risk) has an effective spread of 3.82% (if my numbers are right)—cell F58 on the Blue Mountain tab of the attachment. The nominal unguaranteed spread was 3.75%, so that's not much of a bump to be concerned about.

But with USRG's numbers, the story is more dramatic. As I mentioned below, if the blended rate is 7% and the guaranteed rate is T+150, with a 3.54% Treasury rate (Blue Mountain assumption), USRG's unguaranteed spread is over 1100 bp.

But that's not the end of the story. If we do the same analysis as above and DOE is guaranteeing a blended rate of 7% on 80% of the loan, about 57% of the 20% unguaranteed portion gets the excess of the guaranteed interest rate. If we assign T+150 to that payment stream, the remaining 43% gets a total interest rate of 24.4%, for an effective spread on USRG's dollars at risk of almost 21% (USRG tab, cell F59).

We can justify a lot, but numbers like that are hard to get over. And I would not be surprised if USRG had examined a calculation much like this one.

Roger

JM_00076199

From: rogermcdaniel@[REDACTED] [mailto:rogermcdaniel@[REDACTED]]
Sent: Sunday, May 30, 2010 2:21 PM
To: O'Rourke, Peter; James C. McCrea
Subject: Re: USRG

I'm writing from Cape Cod, at least.

I may not be in DC this week unless needed for CRB or the 17 floor briefing on this, so please let me know when you get a sense of when that briefing is likely to be scheduled.

Two other thoughts:

1. I didn't ask USRG-but meant to-how they expect to finance small projects efficiently when no one else is able to do so. In fact, where a project is \$25 mm in the commercial market, in a major respect it is a \$5 mm (unguaranteed) project for them-which makes it even more inefficient. Of course, this will help justify their spread.

2. The way FIPP is structured leads to the following interesting result (example: Blue Mountain): The guaranteed piece is priced at T+150, but because it's a blended rate that is guaranteed, there's an 80% guarantee of T+195. So when Hancock strips it internally and assigns T+150 to the guaranteed piece, a portion of the interest on the unguar piece gets the benefit of the guarantee.

We didn't analyze this in detail for Blue Mtn, but if USRG puts 1100 bp on the unguar piece before this effect, imagine what its rate of return will be after this effect.

Sent via BlackBerry from T-Mobile

From: "O'Rourke, Peter" <[REDACTED]@Hq.Doe.Gov>
Date: Sun, 30 May 2010 09:21:16 -0400
To: 'Roger McDaniel' <rogermcdaniel@[REDACTED]>; 'James C McCrea' <jimmccrea@[REDACTED]>
Subject: RE: USRG

Probably some over and some under... ☺

1. Agree completely.
2. Would enjoy discussing that some more, as I think it has bearing on your point 3.
3. This is my main concern too, and the point of most discussion. Relative to DOE, we will be doing the 'socializing' internally and I think this point needs to be front/center in all discussions. I do still disagree that this is really rich pricing.
4. It will delay, but think that we're dealing with now is better than later. And thanks again to you for making it an issue now vs. later.
5. Good idea.

Most important, why are you /me not enjoying memorial weekend?

From: Roger McDaniel [mailto:rogermcdaniel@[REDACTED]]
Sent: Saturday, May 29, 2010 3:36 PM
To: O'Rourke, Peter; 'James C McCrea'
Subject: RE: USRG

I'm not sure whether we're overanalyzing this or underanalyzing it.

1. Whether a project can handle a 7% interest rate (or whatever it is) is part of the credit analysis that applies to any

JM_00076200

project. It's a separate question from the equity-rate-of-return question.

2. What the relationship of FIPP to the credit markets should be is a good question. It could probably stand some re-evaluation based on actual experience and the development of the credit markets, but that's a broader question.
3. The point I was focusing on is optics and policy. Is DOE comfortable supporting really rich pricing for the lender in a FIPP project? That's not a decision at our level, but I brought it up because I didn't want Jonathan, CRB or the Secretary to be blindsided. I referred to OMB and Treasury, but first it's a question for DOE. If the DOE powers-that-be are fully informed and are comfortable with it, they will be in a position to defend it when challenged by OMB, Treasury or anyone else.
4. Timing is a separate question. As Jim indicates, this issue could easily delay the approval process for at least the first transaction.
5. If it's determined to be a problem, an alternative would be for USRG to put some leverage into its capital structure, so that the weighted average cost of capital would be brought down into a more acceptable range and they wouldn't require such high pricing.

Roger

From: O'Rourke, Peter [mailto: [REDACTED]@Hq.Doe.Gov]
Sent: Saturday, May 29, 2010 8:33 AM
To: 'James C McCrea'; 'Roger McDaniel'
Subject: RE: USRG

Jim, Roger:

Thanks for both emails. In terms of Roger asking these questions yesterday (esp in front of USRG), that's exactly the sort of issue we need to be asking now and with USRG present. So, I'm very happy this is being raised at this point.

Regarding the policy issues, I hear what you're saying. I think there are two fundamental issues, however. First, can Project X support an interest rate of Y%? That is a standard, reasonable issue that is asked in every type of transaction. Second, what will fly with Treasury/OMB? Part of the discussion that I'd like to have is if it makes sense to separate the two issues entirely. I know it would seem like putting on blinders to the reality of the process, but we also should be structuring deals that are based on solid project finance fundamentals. And it seems that even if we're structuring deals with the specter of OMB in mind, we still get burned... it's a game of find a rock. They ask for a rock, and we bring them a rock. They say, no not that kind of rock, one with a bit more smoothness to it. Next rock is too smooth, and so on.

Regarding 7 or 8 or 9% being too high, and the concern that banks make a profit of the DOE guarantee, what's the point of FIPP? Isn't the whole concept to engage with the private sector? And if Hancock won a competition for Blue Mountain and that helped to establish the rate, then great. Did we run the competition, or did the project? Assuming it was the latter, then I'll also assume that any projects brought to us by USRG (or whomever) also have gone through a process of selecting a lender and have chosen USRG. Roger heard yesterday that there are 30+ projects they've identified to bring to us. If those 30+ projects have other options that are priced better, don't have a hassle of the loan guarantee (nepa, etc.), and can close in <3 months, they will take those options.

This isn't something the three of us will resolve, I understand. But, I would like to see about having a larger discussion about whether it makes sense to keep playing find a rock, or whether we're supposed to help structure solid deals (not that the current deals aren't solid, as I'm sure they are) and then let policy fights occur at another level.

peter

JM_00076201

From: James C McCrea [mailto:jimmccrea@]
Sent: Friday, May 28, 2010 10:26 PM
To: 'Roger McDaniel'; O'Rourke, Peter
Subject: RE: USRG

I have not been through all of this and so don't have a well developed view yet. However, the extent to which others are profiting from DOE guarantees is a large, ongoing, and growing topic in the approval process at OMB, WH and Treasury.

Witness Bloom and Blue Mountain where we spent a lot of time dealing with the possibility that John Hancock would make a spread putting the transaction into the various funds it manages. Roger asked questions about Blue Mountain before it got into approval and people were not happy with him asking the questions and then the exact same questions came up during our briefing on OMB and Treasury.

I think that you really have to ask what is the appropriate rate for the paper that is guaranteed and 7% seems high as it is no longer project risk at all.

We are having the devil of a time on Abengoa which has a very conventional leveraged lease. There are a lot of questions as to whether we should be encouraging leveraged leases as they reduce taxes. It looks like there will be a CP on Abengoa that a IRS ruling must be obtained. That will likely kill the deal and cause a firestorm but it gives you a sense of the sensitivity.

My quick take on the numbers below is that they will cause the transaction to hang in the approval process.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Roger McDaniel [mailto:rogermcdaniel@]
Sent: Friday, May 28, 2010 10:13 PM
To: 'O'Rourke, Peter'
Cc: 'Jim McCrea'
Subject: RE: USRG

Peter:

Seven percent, or T+350, would be just fine if this were totally unguaranteed. The issue is that a spread of 1110 bp is extremely high. A few years ago there were some ethanol projects priced at 1000, but that was in a bad market with oversupply of ethanol. In normal markets project finance lenders would reject projects with appropriate pricing higher than 350 or so as too risky. Maybe that should be expanded to, say, 500 or even 600 bp, but 1100 is hard to justify. The justification based on their cost of capital would be that they are the only game in town.

Blue Mountain is a \$98.5 million geothermal project, within the size range that USRG is targeting. Hancock won the deal competitively. Geothermal projects are at least as risky as the wind and solar projects that are in USRG's sweet spot. BM is 19.5 years, in the same general ballpark as the 20-25 years that we can expect from USRG. BM has completed construction, while USRG's projects will include construction financing.

Those differences don't justify a 750-bp difference in rates.

JM_00076202

However, if USRG were to beat out Hancock and others for \$100 mm deals, that would be good competition, but the rate would probably come in lower.

I'm not trying to cause problems, but it's better for us to identify potential issues early. At best, this may be an optics problem, and it feels like something that will cause problems with OMB, at least. We're trying to adjust our process with OMB to make it more efficient, but we still have to keep them in mind as an audience.

If we decide to go with this pricing, we should have our eyes open about how it looks and be prepared when people react. We probably won't socialize their approach to pricing in advance (with the 7th floor, for example), but we might consider it.

Can we avoid looking at the guaranteed and unguaranteed spreads separately? No. It will be part of our analysis of the rate (there won't be any comparables for 80%-guaranteed project finance paper, so we'll need to look at guaranteed paper and unguaranteed paper) and Treasury will specifically want to know how the guaranteed piece is priced.

By the way, the T+150 is from the Hancock deal. Of course, if it were lower, the unguaranteed portion pricing would be even higher. If it were, say, T+200 and a blended rate of 7%, the unguaranteed piece would still be 932 bp.

Roger

From: O'Rourke, Peter [mailto: [REDACTED]@Hq.Doe.Gov]
Sent: Friday, May 28, 2010 7:26 PM
To: 'Roger McDaniel'; Jim McCrea
Subject: RE: USRG

Good summary Roger.

I would like to have an internal discussion, most likely including Jonathan, regarding the rate spread issue. I have far less concern about this than others on our side. I have been on the project side of this equation before, and I can tell you a 7% rate is exceedingly reasonable over the past many years (well before the recent capital constraints).

I'd like to know what the policy drivers are shaping our opinions, where the main external concerns/pressure will come from, and how we might look at solutions to this. I don't know the Blue Mountain particulars well enough, but it is not representative of what a typical project in these size ranges face in the debt market. And if we're going to look at this thoroughly, we should look at USRG's cost of capital, nepa costs, etc.

I'm quite concerned that if we believe a 7% rate for these projects is too high, then we will be attracting only the one-off Blue Mountain and not much more.

Peter

From: Roger McDaniel [mailto:rogermcdaniel@[REDACTED]]
Sent: Friday, May 28, 2010 6:02 PM
To: Jim McCrea
Cc: O'Rourke, Peter
Subject: USRG

Jim:

We had a good 2 ½ hour meeting with USRG today. Audience included Jonathan (for an hour or so), Susan, Doug, Morgan Wright, Matt Winters, Whitcombe, Codrington (by phone) and Corrigan, in addition to Peter O'Rourke and me. Peter, Nick, Susan and I all had a positive reaction. I haven't talked to the others. I infer that Jonathan is supportive—he wants to start briefing the 7th floor as early as next week.

JM_00076203

(Peter: Let's get Jim's take on all this before doing the briefings.)

They gave us a big book that dealt with lots of parts of their plan. They intend to engage Deutsche for Admin Agent responsibilities on individual projects, BONY Mellon for back office responsibilities, and Morgan Stanley to manage the capital markets/funding of the loans. That all seemed intelligent to us. USRG will be responsible for the substantive work themselves (credit analysis and processing, substantive decisions on waivers and other things that require judgment). Tom Emmons was there and contributed actively to the presentation (it's still confidential that he is leaving HSH Nordbank and joining USRG).

They said all the right things about credit standards, and I have a 12-page Underwriting Guidelines document and a 58-page Transaction Processing Manual to review. We will also set up a "site visit" to examine their NY lending headquarters and look in more detail at their policies and procedures, probably using a consultant who is expert in reviewing financial institutions. We will do this in a manner designed so that we can use it for others who make similar proposals (which Jonathan appears to want to encourage).

They will soon be staffing up with project finance debt types to be able to handle the deal flow.

We spent some time on the following specific issues, which go beyond the intended principal focus of the meeting:

- Pricing. Their sample term sheet showed a blended interest rate of 8-10% (placeholder), and I observed that 8-10% seemed high for a deal that was 80% government-guaranteed, so we got into an extended discussion. They said that they were currently thinking in terms of the 7% range, but it was good for the subject to come up.

We pointed out that we will be called on to explain why the interest rate in any particular deal is reasonable and that we would need their help in providing support. They made the reasonable points that they are looking at very long tenors (fixed rate) and, especially for the smaller deals in their \$25-150 million target range, not much competitive financing. They could also have talked about the level of work involved in a \$25 million deal being about the same as that required for a \$150 million deal. They said that they want to have rates that are lower than the competition, as of course they would. They made the point that borrowers are more sensitive to duration than coupon, which is true, and we pointed out that with an 80% guarantee, borrowers are getting lower-than-market rates anyway and aren't as sensitive to rates as they would be if they were looking at a higher level of rates. Doug rightly observed that if there is competition, that is in general the best indicator of reasonable rates.

But the most interesting point is that their investors are looking for equity returns rather than debt returns and they have no current plans to back-lever their lending vehicle (the one that will hold the unguaranteed pieces). In terms of the unguaranteed interest rates they are thus reminiscent of people like TCW and other lenders with initials—lender-of-last-resort types.

As a reference point (not discussed with them), Blue Mountain (19.5 year debt) has a currently-estimated blended rate of 5.49% (based on a Treasury rate of 3.54% and T+150 for guaranteed, T+375 for unguaranteed for a blend of T+195).

In order for that rate to get to 7% with T+150 for the guaranteed, the unguaranteed rate would have to be T+1132, or a coupon of almost 17%. For senior debt. For BB and better credits.

We have to anticipate that this will be an issue for us and our reviewers, especially when anyone does the math. We didn't look at a specific calculation like this in the meeting, and we made supportive noises as they discussed the factors that justify their rates, but we made it clear that this was something that we were required to focus on. They also said that getting equity returns was very important to their business model.

(Peter: Let's make sure that Jonathan is aware of this interest rate issue, including the math.)

- I asked how they approached 1603 grant issues. They are generally inclined to keep excess cash in reserve and release it to equity over time rather than to use it to pay down debt, but they volunteered the idea of resizing the debt to meet coverage tests before releasing grant proceeds to equity. (You will remember that this is in the task force report. I didn't feature it in Wednesday's meeting, but someone (Erik?) asked about it.)

Peter should add his own observations.

Roger

Roger McDaniel
President
Madigan Resources, LLC



From: Jonathan Silver <jonathan@[REDACTED]>
Sent: Thursday, March 25, 2010 11:15 AM (GMT)
To: jimccrea [REDACTED]
Subject: A

The change in kelly probably comes from the fact that I disinvited her to the credit committee meetings and told liebman I was doing so because there was unanimous consent that her presence was disruptive and unwelcome, and further said that, when I got back, we would need to discuss the possibility of replacing the examiner team because the environment was getting toxic. Rod may also have weighed in since sage has foundered, because the omb credit subsidy score, and the whole omb approach on that deal, was so absurd. Let's hope the changes last.

I think we should try to embrace the new kelly, not take advantage of it, but remain willing to cut her off. Iron fist, velvet glove.
Jonathan Silver

[REDACTED]

From: James C McCrea <jimmccrea@[REDACTED]>
Sent: Monday, May 31, 2010 2:37 PM (GMT)
To: 'Silver, Jonathan' <[REDACTED]@hq.doe.gov>
Subject: Principals Meeting

Jonathan –

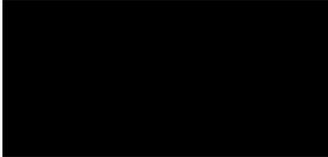
I fear that you have completely lost control of these meeting. Based on the current slide deck, there are now an OMB meeting with S1.

Also, given what they are focused upon, and how they focus, Abengoa and Blue Mountain are dead. Abengoa for the 2 suggested solutions, either of which will kill the deal. As an aside, equity already has the first loss position in the case of a haircut and for us to have any shortfall, the inflation of the costs has to be more than 20% which is inconceivable given out vetting.

This program is hopeless.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



From: McCrea, Jim <[REDACTED]@Hq.Doe.Gov>
Sent: Friday, September 3, 2010 12:23 AM (GMT)
To: jimccrea@[REDACTED]
Subject: FW: Error Message

From: James C McCrea[SMTP:JIMMCCREA@[REDACTED]]
Sent: Thursday, September 02, 2010 8:23:11 PM
To: McCrea, Jim
Subject: RE: Error Message
Auto forwarded by a Rule

Yup. Will do so. Won't bother with the cash flows. Will merely forward the e-mail forward to the team in response to Kelly. I have also alerted Jonathan that this may become a "policy" issue. I was uncomfortable with Kelly's tone which seemed like an incipient gotcha.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----
From: McCrea, Jim [mailto:[REDACTED]@Hq.Doe.Gov]
Sent: Thursday, September 02, 2010 8:14 PM
To: jimccrea@[REDACTED]
Subject: FW: Error Message

From: Roger McDaniel[SMTP:ROGERMCDANIEL@[REDACTED]]
Sent: Thursday, September 02, 2010 8:14:32 PM
To: McCrea, Jim
Subject: RE: Error Message
Auto forwarded by a Rule

I have cleared things out. Julie was now able to get an email through. I hate to say it, but since the message you sent me said that it wouldn't keep trying, you may need to resend the emails you wanted to get to me.

-----Original Message-----
From: McCrea, Jim [mailto:[REDACTED]@Hq.Doe.Gov]
Sent: Thursday, September 02, 2010 7:35 PM
To: Roger McDaniel (rogermcdaniel@[REDACTED])
Subject: Error Message

Delivery has failed to these recipients or distribution lists:

[REDACTED]
An error occurred while trying to deliver this message to the recipient's e-mail address. Microsoft Exchange will not try to redeliver this message for you. Please try resending this message, or provide the following diagnostic text to your system administrator.

JM_00186066

Diagnostic information for administrators:

Generating server: [REDACTED]

rogermcdaniel@[REDACTED]
[REDACTED]

Original message headers:

Return-Path: <[REDACTED]@Hq.Doe.Gov>

Received: from [REDACTED] by [REDACTED] (Sun Java System Messaging Server 6.2-8.04 (built Feb 28 2007)) id <[REDACTED]>; Thu, 02 Sep 2010 19:22:25 -0400 (EDT)

Received: from [REDACTED] ([REDACTED]) by mstr19.srv.hcvlhy.cv.net (Sun Java System Messaging Server 6.2-8.04 (built Feb 28 2007)) with ESMTMP id <[REDACTED]> rogermcdaniel@[REDACTED] Thu, 02 Sep 2010 19:22:25 -0400 (EDT)

Received: from mailgate.doe.gov [REDACTED] by mta20.srv.hcvlhy.cv.net (Sun Java System Messaging Server 6.2-8.04 (built Feb 28 2007)) with SMTP id <[REDACTED]> for rogermcdaniel@[REDACTED] (ORCPT rogermcdaniel@[REDACTED]); Thu, 02 Sep 2010 19:22:22 -0400 (EDT)

Received: from Hub.Doe.Gov (unknown [146.138.215.136]) (using TLSv1 with cipher RC4-MD5 (128/128 bits)) (No client certificate requested) by mailgate.doe.gov (Tumbleweed MailGate 3.7.2) with ESMTMP id 2ED351DF9EDE;

Thu, 02 Sep 2010 19:22:17 -0400 (EDT)
Received: from ESCE-EVS-01.doe.local ([146.138.215.70]) by ESCE-HUB-02.doe.local ([146.138.215.136]) with mapi; Thu, 02 Sep 2010 19:22:17 -0400

Date: Thu, 2 Sep 2010 19:22:17 -0400
From: "McCrea, Jim" <[REDACTED]@Hq.Doe.Gov>
Subject: FW: Shepherds Flat LOC Cash Flows
To: "Colyar, Kelly T." <[REDACTED]@omb.eop.gov>, "Saad, Fouad P." <[REDACTED]@omb.eop.gov>
CC: "Kittell, Matthew" <[REDACTED]@hq.doe.gov>, "Schultz, Douglas" <[REDACTED]@hq.doe.gov>, "Ku, Ruth" <[REDACTED]@hq.doe.gov>

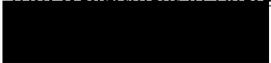
"Roger McDaniel" <[REDACTED]>
"karine.khatcherian@[REDACTED]" <karine.khatcherian@[REDACTED]>.
"boakley@[REDACTED]" <boakley@[REDACTED]>, "anthony.curcio@[REDACTED]" <anthony.curcio@[REDACTED]>

Message-ID: <5BFB9AF6A1992049BDEE1660F5A049E85B04F6E99B@ESCE-EVS-01.doe.local>
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Content-Language: en-US
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Thread-topic: Shepherds Flat LOC Cash Flows
Thread-index: ActK9OEpd9w9TJH5QamNrNMojWfK6QAAJKkw
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X-WSS-ID: 0L857L6-05-0M2-02

JM_00186067

X-M-MSG:
X-MS-Has-Attach: yes
X-MS-TNEF-Correlator:

Jim

Jim McCrea
Senior Credit Advisor
Loan Programs
U.S. Department of Energy


From: James C McCrea <jimmccrea@[REDACTED]>
Sent: Monday, May 31, 2010 6:27 PM (GMT)
To: 'Richardson, Susan' <[REDACTED]@hq.doe.gov>
Subject: RE: Draft slides for tomorrow's principals meeting

Don't think I asked if you are on board. I am trying to be careful of and respectful of the recusal. Even when you ignore the Blue Mountain slides, the Principals slides present an OMB view of the world and ignore our arguments completely. Hardly a balance in what is presented and the draft slides were already sent to the WH

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Richardson, Susan [mailto:[REDACTED]@hq.doe.gov]
Sent: Monday, May 31, 2010 2:19 PM
To: 'jimmccrea@[REDACTED]'
Subject: Re: Draft slides for tomorrow's principals meeting

Understood. Actually was reacting to earleir email asking ruth if I am on bd. Am deferring to alvin.

From: James C McCrea <jimmccrea@[REDACTED]>
To: Richardson, Susan
Sent: Mon May 31 14:14:40 2010
Subject: RE: Draft slides for tomorrow's principals meeting

Understand your recusal. Hard though when it is embedded in a big presentation. I will try to be very careful.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Richardson, Susan [mailto:[REDACTED]@hq.doe.gov]
Sent: Monday, May 31, 2010 2:11 PM
To: 'jimmccrea@[REDACTED]'
Subject: Re: Draft slides for tomorrow's principals meeting

J re blue mnt, pls note that I am still recused and not participating in OMB issues

From: James C McCrea <jimmccrea@[REDACTED]>
To: Silver, Jonathan; Frantz, David; Richardson, Susan; Schultz, Douglas; Westerheim, Ove; Fox, Lucian
Sent: Mon May 31 10:30:59 2010

JM_00076570

Subject: RE: Draft slides for tomorrow's principals meeting

The slides need a careful scrubbing for accuracy as I have already noted, based on a quick review, some errors. Also, the slides have a heavy OMB bias in how they tell the story.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Silver, Jonathan [mailto: [REDACTED]@hq.doe.gov]
Sent: Monday, May 31, 2010 10:22 AM
To: Frantz, David; Richardson, Susan; Schultz, Douglas; Westerheim, Ove; Fox, Lucian; 'jimmccrea@[REDACTED]'
Subject: Fw: Draft slides for tomorrow's principals meeting

Here are the slides jeff proposes to use at the chu orszag mtg tomorrow. Scheduled for 2:30. Pls plan to attend.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

From: Liebman, Jeffrey B. < [REDACTED]@omb.eop.gov>
To: Aldy, Joseph E. < [REDACTED]@who.eop.gov>; Silver, Jonathan
Cc: OConnor, Rod; Green, Melissa G. < [REDACTED]@omb.eop.gov>
Sent: Mon May 31 09:26:24 2010
Subject: Draft slides for tomorrow's principals meeting

Joe and Jonathan,

Here are draft slides for tomorrow's meeting. I need to learn more from my team about the issue on slide six and the last bullet on the last slide – I am not sure whether either of those need to be raised for principals tomorrow. As always, happy to receive edits/comments.

Jeff

JM_00076571

DOE Title XVII Loan Guarantee Program

Principals Meeting (DRAFT)
June 1, 2010

Agenda:

- Manufacturing solicitation
- Abengoa transaction
- Conditional commitment timeline
- Blue Mountain transaction policy issues

Loan Guarantee Manufacturing Solicitation

- **Issue:** Should the Program target additional energy manufacturing projects, or focus on clean energy generation?

Considerations:

- Are direct loans / loan guarantees (vs. 48c tax credits) the best way to support manufacturing?
- In addition to renewables component manufacturing, should we also include transmission manufacturing?
- Should we restrict manufacturers from accessing both loans and tax credits? (this may rule out many projects)

- **Context:**

- The current project pipeline is unlikely to use up the ~\$3.9 billion in credit subsidy remaining under 1705.
- Component manufacturing related to renewable energy systems is permitted under 1705, and solar and wind manufacturing projects (e.g. Solyndra, Nordic) have been processed to date.
- GE, Mitsubishi Heavy Industries, Barclays, other major financial institutions, and the National Association of Manufacturers have all expressed interest to DOE in loan support for manufacturing.
- \$2.3 billion of ARRA funds have been awarded for energy-related manufacturing through the Section 48c manufacturing tax credit program; an additional \$5 billion has been requested in the 2011 Budget.

- **Options:**

1. Issue solicitation for component manufacturing projects specifically related to renewable energy [and exclude components related to transmission and nuclear projects]
2. Do not issue the new manufacturing solicitation; focus instead on generation, providing demand for components
3. Issue broad solicitation across various sectors / segments (e.g. manufacturing, biofuels, etc.) all at once.

Abengoa – Project Overview

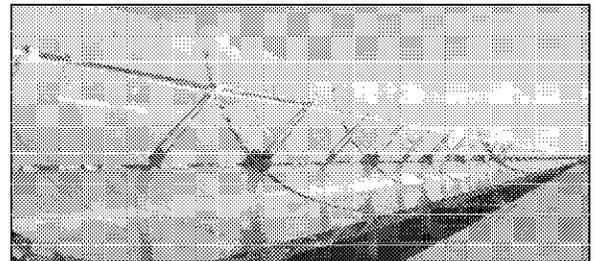
Abengoa Solar is seeking a 28 year, \$1.45 billion, 100% guaranteed loan for a 250MW concentrating solar power facility in Arizona.

Project Summary Information

- Sponsor Name: Abengoa Solar Inc.
- Project / Borrower: "Solana" Project Co. / Owner Trust
- Location: Arizona (70 miles west of Phoenix)
- Project Type: Concentrating Solar (Trough)
- Short Description: 250 MW parabolic trough generation facility with 6 hour Thermal Energy Storage system
- Project completion: Expected January 2013 (based on June 2010 closing)

Project Financing & Loan Information

- Project Size: \$1.976 billion
- Loan Program: Section 1705 (Recovery Act)
- Loan Type: 100% loan guarantee (FFB direct loan)
- Loan Amount (and %): \$1.45 billion (\$1.36 billion face value)
(73% of Project Costs pre-tax grant)
- Key Loan Terms: 28 years term, 3 year principal grace period
- Off-take: 30 year Power Purchase Agreement with Arizona Public Service (BBB-)
- Loan Status: CRB meeting June 2, 2010



Government Support

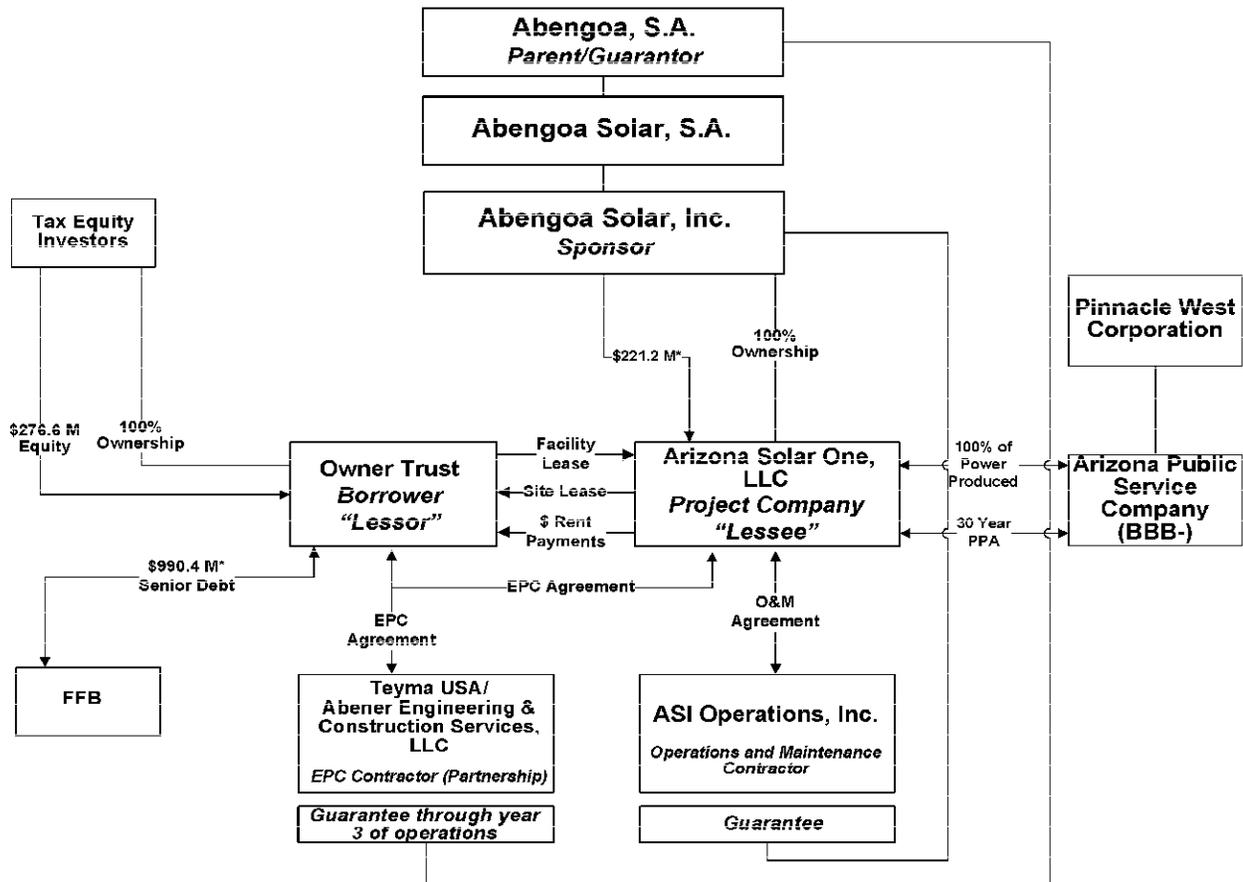
- 100% Guarantee on FFB Loan
- Credit Subsidy paid by DOE (1705)
- Estimated \$569 million 1603 cash grant (30% of project costs)
- Arizona Renewable portfolio standards

Policy Metrics noted by DOE (preliminary)

- Innovative technology: Innovative thermal storage supporting renewable power
- Emissions reductions: 475,000 tons GHG avoided
- Jobs Created: 1,600 in construction, 80 permanent
- Cost: ~\$7,060 per kW of capacity, Thermal Energy System estimated to improve capacity factor to 41%, lowering per kWh cost

Abengoa – Leveraged Lease Structure (1)

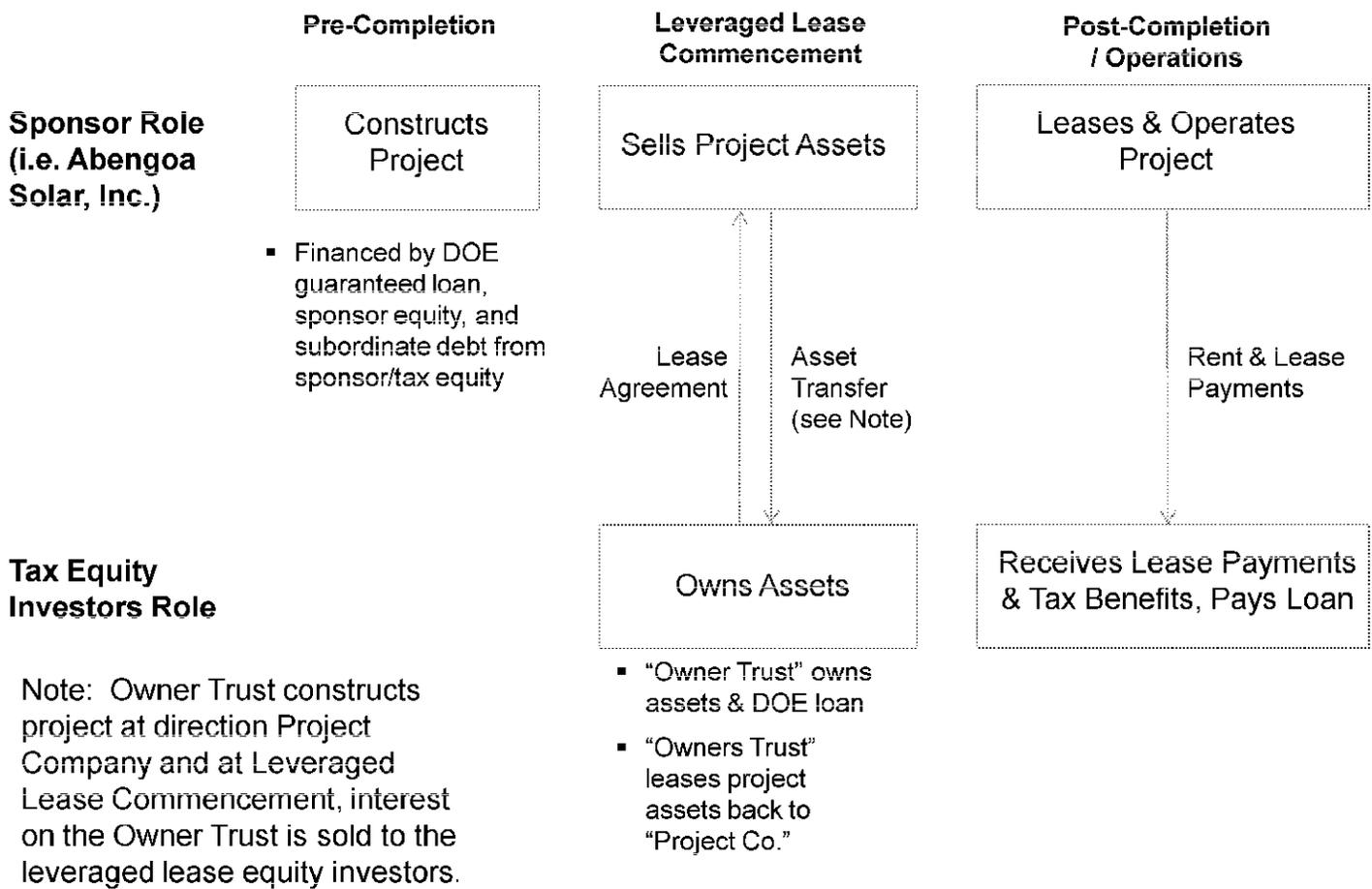
The Soliana project uses a Leveraged Lease structure designed to allow tax equity investors to capture the project's tax advantages: Tax equity investors (through an Owner Trust) lease project assets to a Project Co. which operates the facility.



* Reflects receipt of 1603 Cash Grant.

Abengoa – Leveraged Lease Structure (2)

In the Leveraged Lease structure, tax equity investors (through an Owner Trust) lease project assets to a Project Co. (owned by Abengoa) which operates the facility. The Owner Trust is the borrower and recipient of project tax benefits.



Abengoa – Policy issues (1)

▪ Leveraged lease structure

- Structure is common in energy project finance, but increases complexity / remoteness and tax equity investors have different time-lines and incentives than FFB/DOE.
- Some concerns raised because IRS ruled against some aggressive variants.
- Treasury specifically concerned about one atypical provision – fair market value determination related to “option to buy equipment.”
- DOE’s transaction counsel notes that the terms of this lease “reflect a fairly traditional leveraged [lease] structure.”

Solution: Require private letter ruling from IRS on leverage lease structure prior to closing.

▪ Related party contracts

- The project’s fixed price engineering, procurement, & construction (EPC) contract is with a another Abengoa subsidiary, and represents 85% of capital costs (~\$1.7 billion).
- The size of the 1603 cash grant and DOE guarantee are both directly dependent on this related party contract pricing, raising “arm’s length” concerns about inflated prices and tax benefits
- DOE notes that equity bears the first 20% shortfall in the 1603 grant far exceeding any realistic disallowance due to inflation

Solutions: OMB will adjust credit subsidy to account for risk that Treasury ultimately disallows a portion of the cash grant claim. Treasury suggests introducing a contract term to ensure a fixed pay-down of the FFB loan when the tax grant is received, regardless of the ultimate size of the grant. Equity would thereby bear the risk associated with any costs claimed for cash grant purposes that were ultimately determined to be inflated.

Abengoa – Policy issues (2)

- Sponsor Equity Contribution & Rewards

- The Sponsor’s equity contribution is expected to be ~10% of total capitalization pre-completion, and ~15% post-construction; additional equity is provided by tax equity investors.
- Sponsor equity will be invested only in the lessee (Project Co.)
- The Owner Trust, which DOE has direct recourse to as Borrower, will be 100% owned by tax equity investors post-completion.
- Should there be minimum levels of sponsor equity in projects?

	Construction Phase		Commercial Operations	
	Sources of Construction Funding	%	Capital Structure at COD	%
DOE Loan	1,445.6	73.2%	990.4	66.6%
Tax Equity	0.0		276.6	18.6%
Tax Equity Sub-Debt	211.3	10.7%	0.0	
Sponsor Equity	205.0	10.4%	221.2	14.9%
Sponsor Sub-Debt against 20% ITC grant	113.8	5.8%		
Total	1,975.7		1,488.2	

COD = Commercial Operations Date

- Application of Tax Grant

- \$455 million (80% of tax grant) pays down 31% of DOE Loan
- \$114 million (20% of tax grant) pays down 100% of sponsor sub-debt, 36% of sponsor contribution

- Should there be guidelines for how tax grant proceeds are applied? (e.g. pro-rata with contribution, 20% max, etc.)

DOE notes that the recommendations on previous slide and any changes from this slide are expected to kill the Abengoa transaction

Processing Conditional Commitments (Gate 2)

Flag and Discuss Policy Issues and Non-Standard Terms Early

- Provide short summary of each project upon decision to move to the origination phase.
- Develop standard loan terms & conditions (simplifies processing; improves DOE negotiating position) although DOE notes that while desirable, doing so is a near impossibility and will have significant adverse effects on the program as project finance transactions have always been one off transactions due to their unique nature.
- Discuss projects early – flagging non-standard terms & conditions or policy concerns although DOE notes that, in many cases, it has been blindsided by the policy concerns identified by OMB and Treasury such as leveraged lease issues when the existence of a leveraged lease has been mentioned many times over months.

Conditional Commitment Timeline (in business days, assuming policy issues addressed earlier)

- Day 0: DOE distributes all agreed upon-materials (from the checklist of February 25, 2010) to OMB/Treasury/FFB. Twenty day clock begins when all materials are received.
- Day 2: DOE briefs OMB/Treasury/FFB
- Day 5: OMB/Treasury/FFB send consolidated list of questions
- Day 9: DOE responds to all questions
- Day 10 – Day 13: OMB and DOE work to resolve any remaining policy and credit scoring issues.
- Day 14 – Day 16: Policy-level arbitration, if required.
- Day 17: DOE provides revised Credit Subsidy Cost files and transmittal language to OMB
- Day 19: OMB approves credit subsidy cost and transmittal; Treasury confirms consultation:
- Day 20: Credit Review Board meets on transaction

Geothermal transactions overview

DOE is considering a direct loan and an 80% loan guarantee for two geothermal projects:

- **Neal Hot Springs:** Sponsored by US Geothermal, is seeking a 100% guaranteed \$102.2 million loan for a 20.4 MW project for an innovative (lower-temperature resource) geothermal project in Nevada, serving Idaho Power
 - Innovative aspect may make more geothermal resources financially viable
 - No policy concerns

- **Blue Mountain:** \$282 million, 49.5 MW project sponsored by Nevada Geothermal Power
 - 19.5 year, \$98.5 million loan financed by Hancock with an 80% DOE loan guarantee.
 - First partial guarantee offered under the Financial Institution Partnership Program (FIPP).
 - “Take-out” loan – Title XVII used to re-finance rather than construct a new project.
 - Policy concerns detailed on next slide

Blue Mountain issues:

▪ **Re-financing vs. Supporting New Projects:**

- Project is built and operational.
- Most of loan will be used to repay short-term, high cost, private sector loan
- Title XVII was intended to support new projects; refinancing does not create significant new investment.
- Approach invites other projects to seek low-cost refinancing.
- DOE notes that this is not a refinancing but rather a take out of a bridge loan and that its loan guarantee frees significant loan making capacity at John Hancock

▪ **Davis Bacon:**

- Construction did not pay Davis Bacon wages
- Davis Bacon would have applied if 1705 funds were used for construction.
- May create a precedent
- DOE notes that retroactive application of David Bacon creates issues.

▪ **Technical default:**

- The project did not comply with a short-term loan requirement in March 2010 (to either re-finance or maintain certain financial ratios);
- Received waiver from lender, but raises creditworthiness and optics concerns.
- DOE notes that default is technical, not significant, and resulted from delays in completing the proposed financing.

▪ **Amending FIPP Solicitation Terms**

- DOE seems to be suggesting new voting rights for FIPP lenders in the Blue Mountain documentation
- The specific changes (which have not been vetted outside DOE) may be inconsistent with FIPP solicitation terms and might adversely impact DOE's control in a default]
- DOE only proposes amending FIPP for clarity as a result of the OMB concern; DOE has conducted a legal review of the transaction and believes that it is fully compliant with the FIPP solicitation in that transaction is structured to include "usual and customary provisions that a reasonable and prudent lender would ordinarily require."

From: James C McCrea <jimmccrea@[REDACTED]>
Sent: Tuesday, April 20, 2010 2:00 AM (GMT)
To: 'O'Rourke, Peter' <[REDACTED]@Hq.Doe.Gov>
Cc: 'Roger McDaniel' <[REDACTED]@optonline.net>
Subject: USRG Proposal

Peter –

I just went through the USRG pitch. I thought that most of it was irrelevant and the overly focused on structuring rather than how transactions themselves would really get done. All in all, I found it to be not very compelling and a whole host of approval issues are readily apparent. Also, there are huge conflicts of interest on the USRG side in the roles some of those guys play roles in the management of companies that I believe are applicants to LGPO. It will be very hard to give them access to the program through this structure while still allowing them access to LGPO outside of this program but that is a topic that the lawyers will have to address more carefully given concerns about level playing fields. Plus, I am quite sure that USRG and I don't mean the same thing when we use the words "cross collateralization."

There will be a good bit to talk about tomorrow and I will bring my mark up for you. However, I don't really see the merit of what they are proposing and think that if we were to proceed, implementation will be extremely difficult. I foresee significant issues with both Treasury and OMB in that regard. I can see both OMB and Treasury being extremely unexcited by all the structuring that is going on in the proposal. It is hard enough to run a conventional transaction based project finance financing operation from within the government. Layering on the structuring will kill it before it gets off the ground in my view. That kind of structuring may have a place in the private sector but is unlikely to find favor in government.

If DOE were to think seriously about something like this, I think that we would be a lot better off thinking about funding a pool with an FFB loan and then running an application program open to transactions based on a certain range of technologies and transaction sizes with certain very specific requirements such as equity percentages etc.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



JM_00079240

From: McCrea, Jim <[REDACTED]@Hq.Doe.Gov>
Sent: Wednesday, June 9, 2010 12:56 PM (GMT)
To: jimmccrea@[REDACTED]
Subject: FW: S-1 Briefing memo for Orszag/Browner mtg
Attach: S1 Meeting with Orszag and Browner_edited hsl.doc

From: Otness, Chris
Sent: Wednesday, June 09, 2010 8:56:07 AM
To: Frantz, David; McCrea, Jim
Subject: FW: S-1 Briefing memo for Orszag/Browner mtg
Auto forwarded by a Rule

Chris Otness
Loan Programs
U.S. Department of Energy
[REDACTED]

From: Lee, Hannah
Sent: Tuesday, June 08, 2010 6:08 PM
To: Otness, Chris; Winters, Matthew; Levey, Brian; Samy, Kevin
Subject: RE: S-1 Briefing memo for Orszag/Browner mtg

With my edits. Attached is what we are including if its okay with you. Thank you for all the changes.

Hannah Lee
[REDACTED]@hq.doc.gov | [REDACTED]

From: Otness, Chris
Sent: Tuesday, June 08, 2010 6:03 PM
To: Winters, Matthew; Lee, Hannah; Levey, Brian; Samy, Kevin
Subject: RE: S-1 Briefing memo for Orszag/Browner mtg

Slight change in Nuclear Supplemental numbers.

<< File: S1 Meeting with Orszag and Browner (5) (2).doc >>

Chris Otness
Loan Programs
U.S. Department of Energy
[REDACTED]

From: Winters, Matthew

JM_00212671

Sent: Tuesday, June 08, 2010 5:53 PM
To: Lee, Hannah; Levey, Brian; Samy, Kevin
Cc: Otness, Chris
Subject: S-1 Briefing memo for Orszag/Browner mtg

Attached, with attachments. Sorry for the delay.

<< File: bluemountain.pdf >> << File: Policy PaperCBTL-FE draft4h (2) (2).doc >> << File: S1 Meeting with Orszag and Browner (5).doc >>

Matthew A. Winters
Senior Advisor, Loan Programs
U.S. Department of Energy



JM_00212672



Meeting with Peter Orszag and Carol Browner

Room 106, EEOB

3:00 pm – 4:00 pm on Wednesday, June 9, 2010

Meeting requested by OMB and DOE

Briefing prepared by Jonathan Silver ([REDACTED]) and Chris Otness ([REDACTED])

EVENT

You will be meeting with Peter Orszag, Carol Browner, Rod O'Connor, Jeffrey Liebman, Jonathan Silver and additional staff. This is one in a series of meetings between principals at DOE and OMB to work through issues that come up in the Loan Programs. Mary Miller, Assistant Secretary for Financial Markets at the Department of Treasury, has also been invited to join the meeting so that Treasury can be consulted in real time.

In this meeting, you will work with Orszag and Browner to find consensus on the following proposed agenda items (see program notes below for details):

1. Coal to Liquids Policy re: Medicine Bow

LGPO has had a large (\$1.75B) CTL project in-house for over a year. The transaction can be structured well and would serve as a marquis project in the clean coal space. It has universal support in Wyoming. Carol Browner has opposed coal-to-liquid as a strategy, but asked for a DOE policy paper on it. FE supports the project and drafted the policy, and you signed off on it (the policy paper is attached). Browner has had the paper for several months. We want to reach resolution on the policy and, ideally, be able to do the deal.

2. Blue Mountain

Blue Mountain is a geothermal project and LGPO's first FIPP deal. It is well-structured and a good credit. The deal structure, however, raised two questions: one on take-out financing, and one on Davis-Bacon. The deal contemplates replacing high-cost mezzanine debt with longer-term, lower-cost debt. Take-out financing has been raised as a policy issue, although the short-term financing in the transaction was always intended to be replaced. We estimate the private capital market cost of capital for the take-out at 7.5-8.0%. The mezzanine piece is at 14%. LGPO also obtained a waiver from the Dept. of Labor of the Davis-Bacon provisions, but OMB felt that might not be sufficient. We would like to be able to take this deal to CRB.

3. Abengoa

Abengoa is a large-scale solar project financed by the U.S. arm of a Spanish company. There have been policy questions raised about the use of a leveraged lease in the deal structure. This issue will have been resolved by the time of the meeting and there is a CRB meeting before this meeting, at which Abengoa will be discussed. Earlier, there was some discussion about U.S. companies having difficulty accessing the Spanish market. This no longer seems to be an issue.

4. Kucinich Update

OMB will report on their recent meeting with Congressman Kucinich



5. Nuclear Supplemental Update

This is an open-ended discussion of the timing and sequencing of our nuclear loan guarantees. The issue is that we will be ready to offer a conditional commitment to Unistar before we know for sure whether or not there will be a supplemental to support the STP project. Without the supplemental, the STP transaction could collapse.

Press: Closed

LOGISTICS

- This meeting will take place in EEOB and there are no other formal logistics

PROGRAM NOTES

- **Attendees:**
 - Peter Orszag
 - Carol Browner
 - Rod O'Connor
 - Dan Poneman
 - Jeffrey Liebman
 - Jonathan Silver
 - Mary Miller – Assistant Secretary for Financial Markets – Department of Treasury
 - *Additional Staff TBD*
- **Topics that you can expect to address in this meeting include the following five on the next pages:**



1. Coal to Liquids Policy and Medicine Bow

ISSUE: The Loan Programs Office has had a large (\$1.75B) loan guarantee request for a coal-to-liquids project in-house for over a year.

*Please note: Browner has been ambivalent about coal-to-liquids projects in general and, the President (who originally supported coal-to-liquids as a Senator) announced his support only for those CTL projects which emit at least 20% less life-cycle carbon than concentrated fuels on the campaign. This project does not meet that goal because it uses no bio-mass inputs, but it is the newest generation of clean coal technology.

PROJECT BACKGROUND: The project, called the Medicine Bow Fuel and Power LLC is located in southeast Wyoming. It uses mine mouth low-sulfur, low-methane coal as a feedstock to produce gasoline that is substantially cleaner than the U.S. standard (96% less sulfur and 51% less benzene than emitted by the domestic gasoline Medicine Bow will displace). Medicine Bow's gasoline will supply the Denver/ Front Range market, which has stringent air pollution standards, comparable to those in the Los Angeles basin. The project is ready to begin construction immediately and will produce gasoline very competitively.

Medicine Bow will sequester its CO₂ via Enhanced Oil Recovery (EOR), which is a proven strategy for reducing GHG emissions. CTL with EOR reduces emissions by reducing the need for heavy, GHG-intensive, imported oil. CO₂ sequestered via EOR also produces light, sweet, low-polluting domestic crude oil, which further reduces the need for dirty imported oil. Finally, this proven source of domestic crude oil is produced onshore.

DOE's ACTIONS: The Office of Fossil Energy drafted, and the Department has submitted to the White House for consideration, a Coal-to-Liquids (CTL) policy (attached). The draft policy recommends that CTL projects incorporating carbon capture and storage (CCS) should be included as part of a Strategic Technology Portfolio for decarbonizing fossil energy and decreasing oil dependency ("storage" includes geologic sequestration and enhanced oil recovery [EOR]). Methanol-to-Gasoline (MTG) technology with CCS, combined with 8-20 percent of biomass added to bituminous coal, has the potential to achieve lifecycle greenhouse gas (GHG) emissions of 20-41 percent below petroleum-derived gasoline.

Even without the addition of biomass, MTG technology with CCS has the potential to achieve lifecycle GHG emissions several percentage points below petroleum gasoline as well as lower overall pollutant emissions. Commercial CTL with CCS projects, which possess these strong environmental benefits, are eligible under the DOE Loan Guarantee Program (LGP).



2. Blue Mountain

ISSUES: At the last meeting, the group discussed several issues related to the Blue Mountain transaction. Specifically, we were asked:

1. At what rate the private capital markets would finance the mezzanine piece of the transaction.
2. Whether Davis Bacon would be an issue (Joc Aldy was to take the lead in reviewing the Department of Labor waiver which the Loan Program Office obtained).

RESPONSES:

Q1: At what rate would private capital markets finance the mezzanine piece of the transaction? (i.e. What would the pricing be in the market if full term financing was available to the project)?

A: Approximately 7.5-8.0%

- **The all-in pricing** for the Blue Mountain Project with the DOE guarantee is Treasury plus 195 basis points. Because of this pricing competition, the guarantee will result in lower pricing for the projects which is transferred to the borrower and ultimately the rate payers through lower, more competitive rates.
- **In the current market**, the pricing for BB type project finance debt is expected to fall in a range of 325 basis points to 475 basis points, which is based on nonpublic information of recent project finance transactions and observable high-yield spreads.
 - Note: Comparable publicly available pricing information for BB project finance paper is not readily observable given the lack of an active secondary market for such assets. Publicly available market reference rates, such as a high-yield (or similar) index, may provide another pricing benchmark from which adjustments could be made
- The calculation provided to OMB in response to a question shows that the lower rate provided by a DOE guarantee only increased the internal rate of return for the Project from approximately 4 percent to approximately 5 percent. While rates are important, the main value of the DOE guarantee for conventional transactions in the FIPP is extended tenor. The tenor allows for long-term lending in the renewable energy market at a scale that is not possible without the DOE guarantee.

Q2: Will DOL's waiver of the application of the Davis Bacon Act be sufficient?

A: We believe that the waiver should be sufficient, but this will be the subject of discussion with Carol Browner and her team at this meeting.

- **Background on DOL's Waiver:** DOL granted a waiver of retroactive application of the Davis-Bacon Act in respect of construction in the Blue Mountain project occurring prior to the closing date of the loan guarantee (Davis Bacon Summary (Waiver Letter from DOL) is attached). Such a waiver was granted on the basis that "it is necessary and proper in the public interest *to prevent injustice and undue hardship.*" See DOL Letter from Deputy Administrator, Wage and Hour Division dated May 27, 2010.



- Note: any broad, retroactive application of the Davis- Bacon Act to Section 1705 Recovery Act projects could have adverse programmatic consequences for the Loan Guarantee Program.
- **Summary of DOL Authority:**
 - The Secretary of Labor has always had broad authority to promulgate appropriate standards, regulations, and procedures with respect to the enforcement of labor standards under Federal and federally assisted contracts, including labor standards under the Davis-Bacon Act. The Secretary of Labor's discretion to grant waivers of retroactive application of the Davis-Bacon Act and the standards the Secretary of Labor uses to do so are set out in a 25-year old regulation of the Department of Labor.
 - As the regulation reflects, the Secretary of Labor clearly determined that strict adherence to the retroactive application of the Davis-Bacon Act is not appropriate in certain circumstances and may be waived in DOL's broad discretion.
- **Reasons for LGPO's Support of DOL's Waiver:**
 - Construction on the Blue Mountain project began well before the Recovery Act was enacted.
 - In the course of consultations between DOL and DOE's labor attorneys on the Blue Mountain project, the nature of the construction work in the Blue Mountain project was discussed in detail, including the fact that \$80 million of the \$98.5 million loan would be used to repay a portion of the mezzanine bridge financing at a holding company level and that the balance of the loan would be financing the remaining drilling work and filling up reserves.
 - The purpose of Section 1705 is to promote a new generation of renewable energy projects by making adequate capital available for their construction. The FIPP program was established in furtherance of this energy policy and core concern for DOE of promoting renewable energy projects, including such projects using commercial technology.



3. Abengoa

ISSUES: There are two outstanding issues on:

1. Leverage lease structure and
2. Dispute between American solar companies and the Spanish government

PROJECT BACKGROUND: Abengoa Solar has requested a \$1.45 billion Loan Guarantee (including capitalized interest). It is a 250MW net, concentrating solar power generating facility employing solar parabolic trough technology and six-hour thermal energy storage.

RESPONSE:

1. Leverage Lease Issue:

DOE is engaged in discussions with Treasury regarding its concern about the leveraged lease structure, despite the description of it by Debevoise, DOE's counsel as "an extremely traditional lease." Treasury has requested that DOE make either a Private Letter Ruling ("PLR") or strict adherence to the IRS Lease Guidelines a condition precedent to closing, neither of which are customary. Lessors generally rely on opinions of their tax counsel and are not indemnified by the lessee for disallowance. After discussion with Debevoise, the DOE team believes that either Treasury approach would cause significant issues for Abengoa due to schedule, economic and uncertainty issues of a magnitude to seriously threaten this well structured transaction. DOE has proposed to Treasury that a "will" opinion (strongest opinion level) from lessor's counsel should allay Treasury concerns while allowing Abengoa more flexibility. At this time, discussions with Treasury continue. It is expected that the transaction will be presented to CRB on Wednesday.

2. Dispute between American solar companies and Spanish government

An announcement that DOE will provide a loan guarantee to Abengoa will likely elicit criticism from some members of Congress (particularly Sens. Bingaman and Reid) and the press who believe that the Spanish government has unfairly treated American renewable energy companies seeking to access the Spanish market. Critics may point specifically to the difficulties that SolarReserve LLC, a California-based solar thermal company, and at least two other American companies (NextEra and Infinia Solar), have faced in gaining access to Spain's favorable feed-in-tariff treatment on equal footing with Spanish energy providers. SolarReserve has enlisted in its efforts the many trade advocacy resources of the U.S. government (including a March 15, 2010 letter from YOU to the Spanish Minister of Industry, Tourism, and Commerce in March 2010), but it has not yet been successful in gaining the access it seeks. We understand from U.S. trade officials, on the ground in Madrid, that there is a reasonable prospect that this issue will be resolved favorably for SolarReserve, but that we may not know for several weeks or months. Despite this uncertainty, Browner's office has informed us that they would be comfortable with an Abengoa announcement at this time. Should Abengoa be approved at CRB, we will be prepared with talking points to address any criticism or questions that may arise in connection with the announcement of the deal.



NOTE Re: Credit Subsidy: DOE understands informally that OMB's credit subsidy cost range is 10% - 20% or \$136 - \$272 million. This compares to 11.29% - 17.8% (\$153.6 - \$242.1 million) submitted by DOE to OMB for approval. Unless OMB's reasoning requires a rebuttal, DOE is prepared to accept the 10-20% credit subsidy cost range when it is made formal.

4. Kucinich Update

ISSUE: Peter Orszag and Rep. Kucinich met about two weeks ago to discuss the Congressman's request for additional information on our credit scoring process and the specific numbers around Vogtle.

Orszag suggested that Rep. Kucinich ask either the GAO or CBO to do an audit of the process, which would get around some of the potentially significant confidentiality issues we have raised.

Rep. Kucinich's staff said they might be interested in that approach as long as we gave those groups all the data and enough information to allow them to calculate, and opine on, what the right credit score should be.

RESPONSE: DOE and OMB lawyers will talk this week to discuss next steps. Kucinich's letter addressed to you on this topic is now closed per General Counsel's Office.

5. Nuclear Supplemental Update

ISSUE: As you can see from the chart below, without the supplemental nuclear authority that we have requested from Congress, we will be unable to finance all of the nuclear projects in our due diligence pipeline. In light of this shortfall, the uncertainty surrounding our supplemental request creates a particular problem with respect to the timing of the Unistar/Constellation project vis-à-vis the STP nuclear project (another promising nuclear project currently in due diligence).

As you are well aware, DOE is getting significant pressure from Leader Hoyer to move ahead quickly with the Unistar/Constellation project, and we are close to being in a position to do so (assuming CRB approval). However, if we announce the deal before the supplemental appropriation has been approved, the STP nuclear project--which has its own strong Congressional and other supporters---may well collapse. This will happen because, upon announcement of the deal, it will immediately become apparent to the markets that LGP no longer will have sufficient resources to fund STP's project, and STP's stock price will drop precipitously. It is our understanding from conversations with STP's CEO that, in such a scenario, STP will have no other choice but to scrap the proposed nuclear project in an effort to revive its stock price.

RESPONSE: We hope to reach a consensus with OMB and the White House on the proper programmatic and political course of action to take to address and, hopefully, avoid this potential problem.



S I R R E E R S

Title XVII Nuclear Power Projects
(in \$ millions)

Project	Loan Guarantee Request	Loan Guarantee Request without CI	Loan Guarantee Authority Remaining (Needed)
			18,500
Southern (Vogtle)	8,326	7,400	11,100
Unistar (Calvert Cliffs)	8,700	7,600	3,500
NINA (STP 3&4)	7,300	5,900	(2,400)
SCE&G (Summer)	5,707	5,575	(7,975)
Total	30,033	27,875	
Additional LG Authority needed for just STP 3&4			3,800
Additional LG Authority needed for just SCE&G			2,075

ATTACHMENTS

1. Coal to Liquids Policy Paper
2. DoL Waiver Letter

From: McCrea, Jim [REDACTED]@Hq.Doe.Gov>
Sent: Monday, October 25, 2010 1:18 PM (GMT)
To: [REDACTED]
Subject: FW: potus memo attached
Attach: POTUS MEMO.docx

From: Silver, Jonathan
Sent: Monday, October 25, 2010 9:18:14 AM
To: McCrea, Jim; Frantz, David
Subject: FW: potus memo attached
Auto forwarded by a Rule

What went over to the WH at the end of last week in prep for tomorrow's mtg with Potus.
I think it speaks for itself.
No emails back please.

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
[REDACTED]

From: Hurlbut, Brandon
Sent: Monday, October 25, 2010 8:44 AM
To: Silver, Jonathan
Subject: FW: potus memo attached

From: Owens, Missy
Sent: Friday, October 22, 2010 11:49 AM
To: Utech, Dan G.; Hurlbut, Brandon
Subject: FW: potus memo attached

Here you go Dan, let me know if you have questions I can help with

JM_00163359

From: McCrea, Jim [REDACTED]@Hq.Doe.Gov>
Sent: Monday, October 25, 2010 5:13 PM (GMT)
To: [REDACTED]
Subject: FW: Need decks from last week's meeting

From: Winters, Matthew
Sent: Monday, October 25, 2010 1:12:39 PM
To: McCrea, Jim
Subject: RE: Need decks from last week's meeting
Auto forwarded by a Rule

Thank you.

From: McCrea, Jim
Sent: Monday, October 25, 2010 1:12 PM
To: Winters, Matthew
Subject: RE: Need decks from last week's meeting

<< File: Baldwin OMB Presentation_Final_19Sep2010.ppt >>

Jim

James C. McCrea
Contractor & Senior Credit Advisor
Loan Programs
U.S. Department of Energy
[REDACTED]

From: Winters, Matthew
Sent: Monday, October 25, 2010 1:02 PM
To: McCrea, Jim
Subject: FW: Need decks from last week's meeting

Jim-

Could you send me the Baldwin deck that went over to OMB? Thank you.

From: Hurlbut, Brandon
Sent: Monday, October 25, 2010 1:01 PM
To: Winters, Matthew
Subject: RE: Need decks from last week's meeting

Can you get me Baldwin?

JM_00163253

From: Winters, Matthew
Sent: Monday, October 25, 2010 12:20 PM
To: Huribut, Brandon
Subject: FW: Need decks from last week's meeting

From: McCrea, Jim
Sent: Monday, October 25, 2010 12:19 PM
To: Winters, Matthew
Subject: RE: Need decks from last week's meeting

<< File: 35-OMB Transaction Preview Bishop Hill 101510 b Final Version.ppt >> << File: 10-Presentation.ppt >> << File: 23-Hudson Ranch_OMB-Treasury Transaction Preview_101510.ppt >> << File: 16-Ormat Nevada_OMB-Treasury Transaction Preview_101510.ppt >> << File: 30-OMBTransPreview_SpringValley101210 - Final Version.ppt >>

Jim

James C. McCrea
Contractor & Senior Credit Advisor
Loan Programs
U.S. Department of Energy



From: Winters, Matthew
Sent: Monday, October 25, 2010 11:53 AM
To: McCrea, Jim
Subject: Need decks from last week's meeting
Importance: High

Jim-

Could you please send me the final powerpoint decks for the 5 1705 projects that we discussed at last week's White House mtg (Diamond Green and the 4 FIPP deals)? Thank you!

Matt

Matthew A. Winters
Senior Advisor, Loan Programs
U.S. Department of Energy



JM_00163254

From: Colyar, Kelly <[REDACTED]@hq.doe.gov>
Sent: Wednesday, December 2, 2009 2:15 AM (GMT)
To: [REDACTED]; [REDACTED]; [REDACTED]
Subject: Re: Vogtle: Deadlines set by Secretary

Can we all catch up thursday morning? 10?

Omb is now supposed to be after credit committee. For credit committee, we only need the power point decks.

However, omb will be right after that. For omb, sandy can you send anthony the following on ope and meag (separate emails) so his team can start preparing the briefing packets:

1. Preliminary credit assessments
2. Current s&p ratings (and fitch if we have--we had on gpc I think).

I'm assuming the IE and market reports are the same as we had on gpc? If not, please send as appropriate.

Anthony-am I missing anything on the omb briefing packet? We'll send the power points as they are finalized.

Brian-how close are we to being able to run the recovery estimates and therefore credit subsidy estimates? Anthony-I'll send you the assumptions for the ranges once we determine the starting points. Recall we will be running estimates for five loans.

Anything else right now?

As always--take a breath. Just keep moving and we'll see what happens.

----- Original Message -----

From: Paul Barbian <[REDACTED]>
To: Colyar, Kelly; James C McCrea <[REDACTED]>; Sandra Claghorn <[REDACTED]>; Renee Sass <[REDACTED]>; Brian Oakley <[REDACTED]>
Sent: Tue Dec 01 19:39:38 2009
Subject: Vogtle: Deadlines set by Secretary

Nick Whitecombe called me a few minutes ago (7:00 PM eastern). He told me that Dave Franz, Susan Richardson, and he had been called to the Secretary's office and told to "agree" to the term sheet with OPC by Friday, Dec 4, and to agree to the term sheet with MEAG by Wed Dec 9. The time pressure is coming from the White House, according to Nick.

The OPC term sheet circulated today is meant to mirror the GPC term sheet, with DOE having a security interest in the undivided interest, and being repaid out of the cash flow stream generated by the "company".

MEAG has verbally agreed to raise \$2.5 billion of debt for the project and to spend it before any DOE money is drawn. The result for the MEAG part of the Vogtle deal will be about 50% debt, 50% equity. DOE's loans would rank pari passu with the other MEAG debt outstanding. One MEAG term sheet is contemplated, which will refer to the three SPV's.

Nick asked that we refresh our list of unanswered questions. He referred to the list we provided some time ago that had columns with X designating which deal the question referred to. In any case, we need to refresh our questions.

That's the report from Nick. Tomorrow, Wed, we need to develop an action plan. I will coordinate with Kelly in the morning.

Paul

JM_00081233

From: Silver, Jonathan <[REDACTED]@hq.doe.gov>
Sent: Tuesday, November 23, 2010 2:20 PM (GMT)
To: Frantz, David <[REDACTED]@hq.doe.gov>; [REDACTED] Barwell, Owen
<[REDACTED]@hq.doe.gov>
Subject: Fw: take-out financing

Fyi
Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

----- Original Message -----

From: SCHU
To: Hurlbut, Brandon
Cc: OConnor, Rod; Silver, Jonathan
Sent: Tue Nov 23 08:45:05 2010
Subject: RE: take-out financing

Brandon,

Although I agree that a reasonable case can be made that Baldwin does not fall into the clear category of what I (or the President) was thinking of as Loan Guarantee backed refinancing, I don't think this is a battle we are going to win.

On the flip side, I don't remember agreeing to counting State RPS as part of the total accounting of government subsidy. Also, the Nov. 6 "Memorandum for Deputies" clearly ties to skew any calculation toward higher subsidy on several counts: the high discount rate, placing the cost of gas peaking plants as part of the "subsidy", and other factors pointed out by Matt Winters. If anything, I remember that we decided to include all federal and direct state subsidies only and agree to exclude RPS policies. The economists may argue that we already included a 5% estimate to State RPS subsidies, so that we already conceded that this should be part of the subsidy tally.

I am very willing to elevate this battle.

Steve

Steven Chu
Department of Energy

-----Original Message-----

From: Hurlbut, Brandon
Sent: Monday, November 22, 2010 6:31 PM
To: SCHU
Subject: FW: take-out financing

Below is the most recent discussion on Baldwin. You will find the re-financing definition Jonathan proposed (Rod and I worked on it with him) and the NEC reaction to it.

-----Original Message-----

From: Aldy, Joseph E. <[REDACTED]@who.eop.gov>
Sent: Wednesday, November 17, 2010 10:16 AM
To: Silver, Jonathan; Mas, Alex
Cc: Hurlbut, Brandon; Farrell, Diana; Zichal, Heather; OConnor, Rod
Subject: Re: take-out financing

First a comment on the substance, and then a comment on process.

On substance. As a Recovery Act program, the primary objectives of 1705 are to create jobs and drive incremental renewable energy investment. When we designed this program during the transition, the intent was to address the challenge renewable developers had in

JM_00150705

raising debt given the state of the credit markets. If a company can raise private sector resources sufficient to build a project, then that reveals the credit market is not a constraint on the project. If a company can raise resources pre-construction to build a project, then it should be able to refinance through the private sector post-construction when the project is characterized by less risk than during the initial effort to raise funds. Such a scenario also characterizes a project that is significantly if not completely built. It also characterizes a market that can support a project without the assistance of a government loan guarantee.

Providing a loan guarantee in this context does not result in an incremental change in jobs or installed energy infrastructure. Since this would not deliver on the primary objectives of 1705, we would not support such an interpretation regarding refinancing.

On process. Staff do not relitigate issues discussed and closed by principals or by principals and the President. At the last discussion of this issue, Secretary Chu explicitly stated that he understood that we would not permit refinancing and that this ruled out Baldwin. If the Secretary has changed his mind on refinancing and he wants to re-open this issue, then he needs to raise this with principals.

----- Original Message -----

From: Silver, Jonathan <[REDACTED]@hq.doe.gov>
To: Mas, Alex; Aldy, Joseph E.
Cc: Hurlbut, Brandon <[REDACTED]@hq.doe.gov>
Sent: Mon Nov 15 11:14:55 2010
Subject: take-out financing

Joe/Alex,

It was agreed that we needed to articulate a threshold for permissible financing and we think we can define a bright line between our current FIPP solicitations and obvious take-out financing. Our test is to exclude projects that are otherwise completely financed (debt and equity already in place) and designed--in reality--to turbo-charge investor returns by virtue of LGP's lower cost of capital. We believe we have come up with a definition that meets these objectives. This has been reviewed by all at DOE; if it works for you, we would like to implement it immediately.

The FIPP solicitation language is already clear that loan guarantees may not be used to refinance or take out permanent financing. So, any project that comes in that has permanent financing in place will be rejected. In addition, projects that are already, or largely, built before a loan application is made should also be eliminated. On the other hand, the long-term debt provided by our guarantees should be available to replace construction financing that was always intended to be repaid after completion of the work or for construction funded entirely by equity where the loan guarantee application is made prior to the start of construction.

If this definition works for you, I will begin to apply it to all our applications. It will help us identify those which we should try to restructure or reject. This definition would exclude City Solar (already done), but permit Baldwin.

Thanks,

J

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
[REDACTED]

JM_00150706

From: James C McCrea [REDACTED]
Sent: Friday, September 10, 2010 2:02 PM (GMT)
To: 'Silver, Jonathan' [REDACTED]@hq.doe.gov>
Subject: RE: Committing Loan Funds Before The End of the Calendar Year.docx
Attach: 091010 Budget Apportionment.docx

Apportionment paragraphs from Brian and Anthony.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

-----Original Message-----

From: Silver, Jonathan [REDACTED]@hq.doe.gov]
Sent: Friday, September 10, 2010 6:45 AM
To: [REDACTED]
Subject: Re: Committing Loan Funds Before The End of the Calendar Year.docx

Can you have someone give me two or three paragraphs on what apportionment is and does, for circulation.
Thanks.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

----- Original Message -----

From: James C McCrea <[REDACTED]>
To: Silver, Jonathan
Sent: Fri Sep 10 01:30:13 2010
Subject: RE: Committing Loan Funds Before The End of the Calendar Year.docx

Jonathan --

I thought about the topic a good bit on the plane home and then found your e-mail when I landed. Unfortunately, the more I think about it, the more the proposal appears to me to be (1) a high risk effort to solve what is inherently a political problem and (2) exactly what the checks and balances in the federal government are designed to protect against. Additionally, I really could not find much in the way of opportunity when looking at the proposal from a transactional and applicant perspective. The issue is that any opportunities are conceptual which makes them hypothetical at best while the risks are very real. All in all, I can't imagine a proposal like this receiving the approval of either OMB or Treasury although I am perhaps too jaded by current and recent events.

While I clearly recognize the risks that the program faces, especially in the current political environment, I think that this proposal is sort of a knee jerk reaction which, in the remote chance it were implemented, has the potential to seriously damage the program and significantly diminish its ultimate transactional accomplishments.

One of the biggest problems is that it creates forces and processes which seriously undermine a loan oriented credit process. To make this work, I think that one would really have to convert the T-17 loan program to a grant program but under this type of approach, it will be extremely difficult to maintain the proper credit process. The end result, when reviewed from a point in the future, will be yet another DOE loan program that created a bunch of busted transactions and another, black eye for the DOE. Unfortunately, much of the difficulty we face these days is because of the long shadows cast by previous DOE failures.

Sorry to be so gloomy.

JM_00067442

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Silver, Jonathan [REDACTED]@hq.doe.gov]
Sent: Thursday, September 09, 2010 9:09 PM
To: [REDACTED]
Subject: Fw: Committing Loan Funds Before The End of the Calendar Year.docx

Please let me know what you think of this. Give me reasons it could work and reasons it can't.
Pls don't share with anyone else.
Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

----- Original Message -----

From: Rogers, Matt
To: OConnor, Rod; Silver, Jonathan; Hurlbut, Brandon
Cc: Poneman, Daniel
Sent: Thu Sep 09 20:04:05 2010
Subject: Committing Loan Funds Before The End of the Calendar Year.docx

This is a one page summary of what we discussed. If we are all on the same page, I would suggest we share this with deseve on Friday so that we can work with him on an approach to zaints next week. Regards, mr

JM_00067443

BUDGET APPORTIONMENT

In the Federal funds control process, apportionment is a plan, approved by OMB, to spend resources provided by an appropriation. The apportionment identifies the accounts available for obligation and expenditures. It specifies and limits the obligations and expenditures that may be made for specified time periods, programs, activities, projects, objects or any combination thereof. For Federal credit programs, the apportioning of funds occurs at the time of obligation.

Under OMB Circular A-11, a direct loan obligation means a binding agreement of a Federal agency to make a direct loan once the specified conditions are fulfilled by the borrower. At the time of apportionment, borrower-paid credit subsidy or appropriated credit subsidy are obligated to cover the subsidy cost of a direct loan or loan guarantee. The failure to apportion such funds represents a violation of the Anti-Deficiency Act. Therefore, for Title XVII, the apportionment process must be complete in order for the project to achieve financial closing.

The Title XVII Program is structured to have the obligating event occur at financial closing. Because Title XVII was originally enacted as a self-pay program, considerable discussion occurred during the rulemaking process regarding when the credit subsidy cost had to be paid. Potential borrowers rightly indicated that payment of the credit subsidy cost at term sheet execution was a non-starter and rather, credit subsidy cost should be paid when the government is fully committed (i.e., at closing). As a result, the Final Rule calls for a conditional commitment as a means of approving the project while not formally committing the government to funding the project. This allows the obligating event for Title XVII to occur at financial closing. By contrast, the ATVM Program's obligating event occurs at term sheet execution. Therefore, the credit subsidy cost is apportioned or obligated prior to financial closing. While it is possible to de-obligate funds prior to closing, the government is considered committed at term sheet execution. This means that OMB is heavily involved at the term sheet execution stage for ATVM and at the closing stage for Title XVII.

From: Otness, Chris <[REDACTED]@Hq.Doe.Gov>
Sent: Tuesday, May 4, 2010 10:38 PM (GMT)
To: Silver, Jonathan [REDACTED]@hq.doe.gov>; Tobin, Daniel [REDACTED]@hq.doe.gov>; Frantz, David [REDACTED]@hq.doe.gov>; [REDACTED]
Subject: RE:
Attach: S1 Meeting with Senators Reid and Bingaman re Loan Programs.doc; LGP Overview.pptx; NV and NM projects - Signet_Fulcrum_Molycorp.doc; fs Southwest Intertie Project-South1.docx; Reid Letter to President.pdf; LES Letter to S1.pdf

Jonathan - Attached is a rough draft of the Reid Memo and the corresponding documents. Frantz/McCrea have looked over the memo but have not yet seen some of the corresponding documents.

We will definitely need your guidance for edits in certain areas. Kate Eltrich from Leg Affairs in OMB will be attending according to Jonathan Levy.

This is due in its final version for S1 by 6:15am PST/9:15am EST tomorrow morning.

Best,

Chris Otness
Loan Programs
U.S. Department of Energy
[REDACTED]

-----Original Message-----

From: Silver, Jonathan
Sent: Tuesday, May 04, 2010 1:42 PM
To: Tobin, Daniel; Frantz, David; [REDACTED]
Cc: Otness, Chris
Subject:

The mtg on Thursday afternoon, originally scheduled weeks ago as a mtg with the Majority Leader and me has turned into a much bigger affair. It now includes Secretary Chu, Peter Orszag, Senator Reid and Senator Bingaman.

Can we find out if anyone else from omb is going.

I need a list of all the projects that have ever applied from Nevada and New Mexico and what happened to them.

I also need a couple of paragraphs on SWIP, molycorp, fulcrum and whatever else has been an issue.

I need some stats on how many projects we have funded or have in DD as a percentage of totals. Reid is constantly hit at home for not bringing in federal dollars.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy
[REDACTED]

JM_00230710



Meeting with Senator Reid and Senator Bingaman

Capitol Building S-211

5:30 pm – 6:30 pm on Thursday, May 6, 2010

Meeting requested by Senate Majority Leader Harry Reid

Briefing prepared by Chris Otness (████████)

EVENT

You will be meeting, at the request of Senator Reid's office, with Senator Reid, Senator Bingaman, OMB Director Orszag and Jonathan Silver to discuss the Department of Energy Loan Programs.

Press: Closed

YOUR ROLE/CONTRIBUTION

- The objective of this meeting will be to address the questions and concerns that Senator Reid and Senator Bingaman have on whether or not the DOE Loan Programs is functioning properly.
- Your role will be to reinforce DOE's message that the Loan Programs is operating at a good pace and that we anticipate a good number of deals to be approved in the coming months.

PROGRAM NOTES

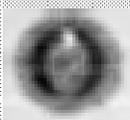
- **Attendees:**
 - Senator Reid
 - Senator Bingaman
 - Peter Orszag
 - Jonathan Silver
 - Dan Utech
 - Kate Eltrich – OMB Legislative Affairs
- Topics that YOU can expect to address in this meeting including the following:
 - An update for Senators Reid and Bingaman on the progress of the DOE Loan Programs.
 - An explanation of the delay in responsiveness to Senator Reid's letter to President and YOU regarding the speed of the DOE Loan Programs last September. This will be determined at your pre-brief on Thursday.
 - An update on coordination between the Loan Programs and OMB.
 - A discussion of specific applications from Senator Reid's and Senator Bingaman's respective states including, but not limited to, Molycorp (NV), Fulcrum (NV), and SWIP (NV).
 - A discussion of a letter sent from LES to YOU regarding the additional loan guarantee authority for front-end nuclear facilities.



ATTACHMENTS

1. **LGP Application Data**
2. **Letter from Senator Reid**
3. **Molycorp, Fulcrum, Signet Brief**
4. **SWIP Brief**
5. **LES letter**

DOE Loan Programs: Number of Applications and Projects
(As of May 4th, 2010)



All 1703/1705 Applications	Total	Percentage
Applications Rejected	188	56%
Applications Withdrawn	19	6%
Applications in Part I & Part II	72	22%
Applications in Due Diligence	47	14%
Projects with Conditional Commitment	8	2%
Total Applications	334	100%

All Nevada/New Mexico Applications	Total	Percentage
Applications Rejected	6	60%
Applications Withdrawn	1	10%
Applications in Part I & Part II	1	10%
Applications in Due Diligence	2	20%
Projects with Conditional Commitment	0	0%
Total Applications	10	100%

DOE Loan Programs: Nevada and New Mexico Applications



Solicitation	Project Sponsor	Project Name	Loan Request (\$ Thousand)	Category	Subcategory	Project City	State	Status
FY09	NRG Energy, Inc.	New Mexico SunTower	\$178,000	Solar Generation	Concentrated Solar Power	Santa Teresa	NM	Eligible, Waiting on Pt. II application
FY08	NRG Energy, Inc.	New Mexico SunTower	\$180,000	Solar Generation	Concentrated Solar Power	Santa Teresa	NM	Rejected
FY08	Signet Solar, Inc.	SunKachina	\$168,000	Solar Manufacturing	Thin-film micro-crystalline silicon technology	Belen	NM	Rejected
FY09	Ormat Nevada Inc	Jersey Valley	\$70,000	Geothermal	Advanced Geothermal	Pershing County	NV	Rejected, Non-Innovative
FY09	Ormat Nevada inc	McGinness Hills	\$107,000	Geothermal	Advanced Geothermal	Lander County	NV	Rejected, Non-Innovative
FY09	Ormat Nevada, Inc	Carson Lake	\$69,000	Geothermal	Advanced Geothermal	Fallon	NV	Rejected, Non-Innovative
FY09	Solar Reserve LLC	Tonopah	\$568,000	Solar Generation	Concentrated Solar Power w/ thermal energy storage	Nye County	NV	Invited to DD, self selection
FY09	LS Power Associates, LP	Southwest Intertie Project (SWIP)	\$1,124,400	Transmission	500 miles of 500KV AC Line	--	NV / ID	Invited to Due Diligence
FY08	Fulcrum BioEnergy, Inc.	Project Sierra	\$70,000	Biomass	Cellulosic Ethanol	McCarran	NV	Rejected
FY08	Solar Millennium LLC	The Amargosa Solar Power	\$1,762,000	Solar Generation	Concentrating Solar Power	Amargosa Valley	NV	Invited to Due Diligence, later withdrew

New Mexico / Nevada Projects With Issues { DATE \@ "M/d/yyyy" }

Fulcrum - Fulcrum Sierra BioFuels LLC ("FSB") is developing a facility to produce 10.5 million gpy cellulosic ethanol from 90,000 tons per year of municipal solid waste. The Sierra Project ("SP"), is located in McCarran, Nevada. The project was reviewed technically and financially and ultimately rejected. Applicant claimed factual error and project was reviewed again by Golden. Golden's opinion was unchanged.

Strengths:

- More conservative capital structure than most biofuel proposals @ 60/40.
- The project has executed two no-net cost feedstock agreements that will provide 100% of the MSW feedstock.
- Coverage ratios appear adequate using sponsor base case.
- The site has both interstate and rail access.
- High value alternative products, such as methanol, propanol and butanol may be able to be produced should the ethanol market not support the facility.

Weaknesses:

- The R. W. Beck report highlighted the need for additional pilot plant work to confirm design parameter prior to proceeding with detailed engineering.
- The scale up of the project is estimated at 200 to 1, presenting a very large risk with a new technology, especially with the limited operating hours of the pilot plant;
- Continuous process demonstration scale testing was only done for 4-6 hours, much too short for assessing potential process operating issues;
- Project possesses an ethanol marketing agreement but this does not mitigate volume or price risk.
- Loan tenor long at 20 years (18 years post construction) resulting in lower DSCRs should DOE decide to reduce tenor.

Signet Solar – Sought \$168MM loan guarantee to establish a manufacturing facility in Belen, New Mexico (just south of Albuquerque) to mass produce PV modules based on amorphous Si (a-Si) thin-film technology. The project was initially accepted but later found to be deficient. A letter requesting additional info was issued mid August 2009. Signet responded, we reviewed the material and ultimately rejected the project in mid January 2010.

Strengths:

- Sponsor recently completed a 20 MW facility in Germany in a relatively short construction time frame that is operating as expected. Applied Materials provided the manufacturing line in Germany and will also provide the New Mexico line.
- CH2M Hill has been identified as the EPC contractor and Applied Materials will provide the manufacturing line.
- Substantial economic incentives in the form of tax credits, tax abatements and job training subsidies appear to be available.
- Equity commitments in the amount of \$55 million from company principals.

Weaknesses:

- Manufacturing technology is not proprietary and is licensed from Applied Materials suggesting low barriers to entry and dependence upon AMAT for technology upgrades and equipment.
- No offtake contracts, although interested parties have provided non-binding letters of intent or memorandums of understanding regarding quantities and pricing.
- Equity capitalization may need to be increased and should probably be deployed to build most of the first 6.5 MW of capacity.
- Veracity of equity providers is not known without further due diligence.

New Mexico / Nevada Projects With Issues { DATE \@ "M/d/yyyy" }

- Financial pro forma very aggressive with ASPs well above market.

New Mexico / Nevada Projects With Issues { DATE \@ "M/d/yyyy" }

Molycorp

The project proposes the redevelopment of a rare earth mineral deposit to develop metals and permanent magnets that have a wide range of applications in clean energy technologies. A refurbished milling operation, new technology for cracking / solvent extraction processes, and metal/alloy/magnet production facilities will permit the production of 20 tons of rare earth oxides per year.

Status

The applicant submitted their Part I submission on 9/9/09 and was sent a rejection letter on 12/18/09. The project did not pass the LGP's technical eligibility review since it did not qualify as a new or improved technology.

Issues

After receiving their rejection letter, Molycorp submitted a rebuttal letter on 1/5/10 and requested a debrief from the LGP in a separate letter dated 2/18/10. The debrief was held on 3/3/10.

In a follow-up letter from the DOE LGP (dated 4/30/10) to Molycorp DOE further clarified the reasons for rejection. The following was communicated:

“Section 1703(b) of Title XVII lists ten categories of projects that are eligible for a loan guarantee under that section. We do not believe that a mining project qualifies under any of those categories. While we recognize that the first category of “renewable energy systems” may include materials within the renewable energy supply chain, we do not believe that it is broad enough to encompass mineral extraction processes. Moreover, our program has not been designed, and we do not believe that it is well suited, to support such activities. However, as we have indicated to you, we are open to receiving a restructured application for a manufacturing project dedicated to wind turbine magnet production or metal/metal alloy production for use in wind turbine magnets. Of course, any such application would have to satisfy our “innovativeness” criteria under Section 1703 as well as our due diligence, underwriting and other criteria. “

Southwest Intertie Project (SWIP)

Phase 1: SWIP-South (Ely to Las Vegas)

(Non-public Information)

- Single circuit, overhead 500 kVAC transmission line capable of carrying 600 MW of power
 - With Phase 2—from southern Idaho to Ely (SWIP-North), and from Las Vegas to Southern California Edison's grid (Southern Nevada Intertie Project—SNIP) the line will carry 2,000 MW of power.
- Owners in the transmission line are LS Power Associates (75%), and NV Energy's Nevada Power Company (23.75%) and Sierra Pacific Power Company (1.25%).
- SWIP-South will cost \$556 million and presently could receive a loan guarantee on debt of as much as \$334 million (80% of the portion of the line owned by LS Power, the only current applicant).
 - If the NV Energy companies combine their 25% share of the line with the current applicant, loan guarantees on SWIP-South could be on debt of as much as \$445 million (80% of the entire line).
- Status of key initiatives
 - Outside lawyers and IE were engaged last week to begin due diligence; financial advisors have been in place since last year.
 - Project economics have been reviewed and proposed structure financing structure is being formulated.
 - A draft of the Transmission Use Agreement (between LS Power and NV Energy affiliates has been reviewed, but it is not finalized. This is the critical document for the entire project. No meaningful negotiation of terms can take place until it is, at the very least, in near-final form. LS Power anticipates reaching agreement with the NV Energy affiliates on the TUA in May.
 - We are pre-loading all we can in the process (e.g., drafting credit paper, reviewing NVE credit issues, etc.), but more review is essential, and we need to see the TUA before we can advance the term sheet.
- SWIP-S is the only project from the transmission solicitation that is in Due Diligence.

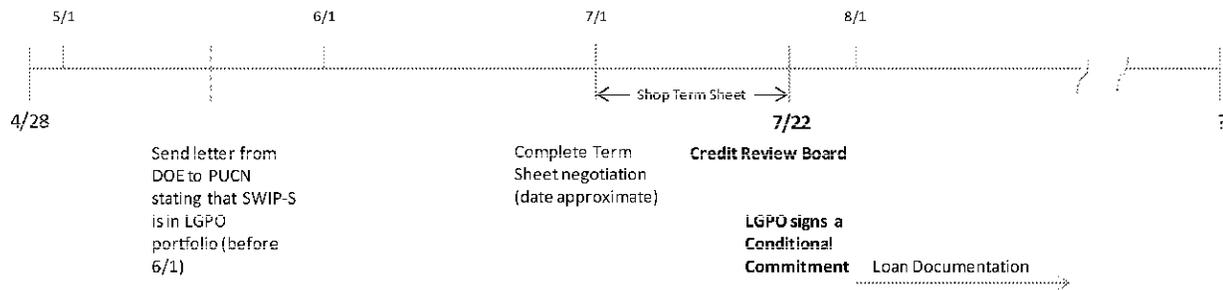
May 4, 2010



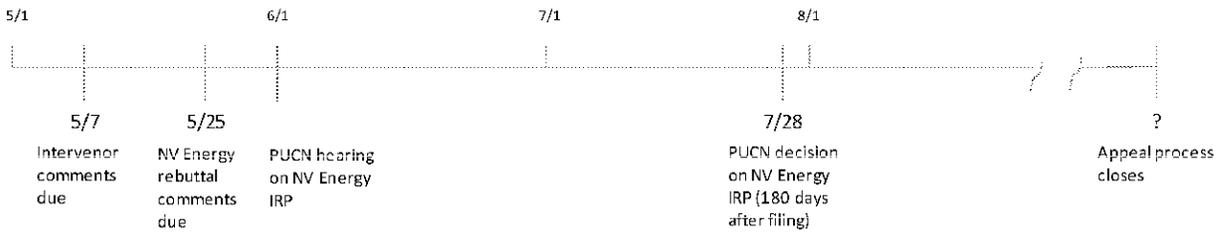
May 4, 2010

SWIP-S LGPO Timeline

DOE



PUCN



May 4, 2010

United States Senate

WASHINGTON, DC 20510-7012

September 23, 2009

The President
The White House
Washington, D.C.

Dear Mr. President,

I am writing to convey my concerns about the slow pace of implementation of the Department of Energy's loan guarantee programs. These concerns are shared by many Senators, renewable energy developers, and clean energy investors across the country.

As you know, I was pleased to help appropriate an additional \$6 billion for an expanded loan guarantee program for the rapid deployment of renewable energy and electric power transmission, as well as leading edge biofuel projects. Since passage of the Recovery Act, \$2 billion of that original appropriation has been redirected to pay for the Consumers Assistance to Recycle and Save Act (CARS). I look forward to working with you to restore those funds so that the restored \$2 billion can leverage more than \$20 billion in clean energy projects, jobs and economic activity.

Since the innovative loan guarantee program was first established in the 2005 Energy Policy Act and the commercial program was created in the Recovery Act, there appears to have been a general and consistent reluctance on the part of the Office of Management and Budget and to a lesser extent the Department of Treasury to expeditiously fulfill and implement Congress' express intent and statutory direction in regard to these programs. While I applaud the remarkable work of OMB, Treasury and the Department of Energy in moving forward quickly on the Recovery Act's battery and electric vehicle manufacturing grants, as well as the renewable energy grant program in lieu of tax credits, the loan guarantee programs seem handicapped by an extreme aversion to risk.

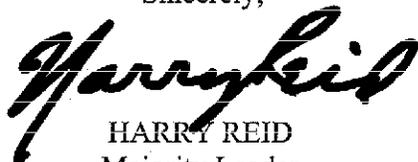
I believe it is very important to ensure that projects for which the Federal government provide loan guarantees are the best possible investments, but there is no such thing as a risk-free investment – public or private. Excessively complicated or unclearly justified regulations and processes designed to ensure zero-risk to the Treasury from guaranteed loans only ensures that billions of dollars appropriated sit idle rather than attracting critically important private investment and growing tens of thousands of clean energy jobs. Renewable industry experts estimate that 18,000 MW of clean renewable energy projects creating 100,000 construction jobs and 7,000 permanent jobs could be created in the very near future if the commercial (section 1705) loan guarantee program alone were functioning at full capacity as Congress intended.

Congress supports the loan guarantee programs and will continue to fund them until there is a better substitute and investors are much more heavily focused on funding significant clean energy development. Furthermore, Congress is unlikely to support using loan guarantee funds again as an offset for other spending.

I hope that you can help clear away the obstacles impairing swift action on making Federal guaranteed loans for clean renewable energy projects. The people of Nevada and many other states are impatiently waiting for the economic development and the jobs that will come with full, effective and rapid implementation of the innovative and commercial loan guarantee programs.

Thank you for your attention to my concerns.

Sincerely,

A handwritten signature in black ink that reads "Harry Reid". The signature is written in a cursive, flowing style.

HARRY REID
Majority Leader

cc: The Honorable Timothy Geithner
Secretary of the Treasury

The Honorable Steven Chu
Secretary of Energy

The Honorable Peter Orszag
Director of the Office of Management
and Budget

From: Sandra Claghorn [REDACTED]
Sent: Tuesday, May 4, 2010 10:21 PM (GMT)
To: Jim McCrea [REDACTED]
Subject: RE: Draft First Wind

A few minor suggestions are in red below....nothing substantive...just trying to lessen the screams of angst that are going to come from Monique's office once you hit the send button!

S

Sandra Claghorn
Credit Consultant
LGPO / ATVM

[REDACTED]

Date: Tue, 4 May 2010 18:08:05 -0400
From: [REDACTED]
Subject: Draft First Wind
To: [REDACTED]

Sandy –

Would appreciate your comments. If possible, I would like to get this out this evening.

DRAFT

Monique, Kimberly et al. –

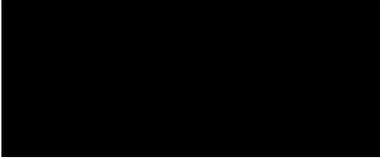
My apologies for not being on the Fitch call this morning. Sandy has given me a thorough briefing on the discussion. There is no question that there is a Fitch problem, but I do not think that the situation is simply a Fitch problem. As you know, OMB has been asking what can change in a deal between the final credit assessment and closing and we have struggled unsuccessfully to define the extent to which things are changing as the transaction is being “polished” [deleted last clause]. It appears that the extent of on-going negotiations is [deleted “a lot”] greater and more substantive than I had understood. The fact that the amortization schedule is not completely tied down is a concern. Further, as you know, I was very worried about the Fitch disclaimer statement at the top of page 2 (important details of the transaction have not yet been determined). I understand that Fitch will revise that statement to indicate what is outstanding including that they have not seen the loan agreement. [deleted “document”]. However, if we send a Fitch credit assessment to OMB stating [deleted “with a statement that”] that Fitch has not seen the loan agreement, the OMB reaction will be decidedly negative and they will view the credit assessment as being sufficiently premature as to lack utility. Unfortunately, I would agree with OMB in that conclusion. In my view, Fitch should not be issuing a final credit assessment without having seen the “near final” loan agreement.

As to timing, today is May 3. Assuming that we are at least a week away from a Fitch report that is based on a review of the loan agreement. Therefore, this is really a June closing in all probability.

JM_00230733

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



From: [REDACTED]
Sent: Tuesday, May 4, 2010 10:19 PM (GMT)
To: [REDACTED]
Subject: Re: Revised Text

I think so. AC had some editorial comments which I elected not to incorporate.

Brian Oakley
Scully Capital
[REDACTED]

From: James C McCrea <[REDACTED]>
To: [REDACTED] 'Anthony Curcio' <[REDACTED]>
Sent: Tue May 04 17:13:18 2010
Subject: RE: Revised Text

Brian –

I am a bit confused. Is the text below ready to go to Kelly?

Jim

James C. McCrea
JAMES MCCREA & ASSOCIATES LLC
[REDACTED]

From: [REDACTED]
Sent: Tuesday, May 04, 2010 3:13 PM
To: [REDACTED] Anthony Curcio
Subject: Revised Text

I incorporated some of Anthony's comments, but not all. We need to set this up and then have a dialog. Unfortunately, it will take some words to set it up. It's not so bad on a computer (vs a Blackberry).

Kelly,

The development of the FFB Note Purchase Agreement is driving a couple considerations related to scoring. These issues relate to interest capitalization and principal amortization. DOE would like to adopt a standard approach for interest capitalization as there has been a lot of confusion regarding how this is treated. Therefore, we do not see this as a case by case issue – it would apply to all loans with deferred interest. We did not get a chance to discuss principal amortization yesterday, so we are using this email to present those topics. In both cases, DOE sees no difference in the credit risk associated with the structuring option and therefore, we believe it should not introduce a budget scoring difference. However, we are mindful that the legal documentation of the transaction is a consideration and seek your input on whether our decisions with regard to FFB will introduce changes in how we approach transaction scoring. Each

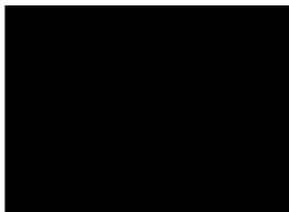
JM_00230735

issue is discussed below:

- **Interest Capitalization:** The FFB has two options for agencies when it comes to capitalizing interest. The first option is to accrue interest on FFB's books and require nothing of the borrower in terms of draw requests to service interest due. Accordingly, the obligation is the sum of the draws exclusive of any capitalized interest. The total loan exposure, and hence, principal repayment requirement includes interest capitalized during construction. The second option offered by FFB is a "payment borrowings" approach. Under payment borrowings, the borrower will request a draw from FFB to make interest payments back to FFB. As a result, the loan repayment schedule will have interest due during the construction period. However, FFB will fund such interest payments out of loan draws. This introduces the borrower to the discipline of making scheduled interest payments and DOE believes this carries some benefit. In practice, we understand that such payments would be disbursed from FFB to the collateral agent/trustee, a DOE agent. Therefore, DOE does not believe this would be deemed a payment to/from government. If it is OMB's determination that a payment borrowings approach would constitute a payment to/from government, then DOE would have its answer and would simply pursue FFB's accrual method for capitalizing interest.
- **Principal Amortization under 1603 Cash Grants:** As discussed yesterday, DOE is scoring transactions that involve a 1603 Cash Grant according to the agreed upon approach. Separately, DOE is negotiating the final amortization schedule with the borrower and FFB. For certain transactions which will be able to service the guaranteed debt without the benefit of the 1603 Cash Grant, DOE intends to structure the principal amortization schedule as if the 1603 Cash Grant was not received. Pursuant to the documents, the receipt of a 1603 Cash Grant would be a mandatory pre-payment. After receipt, the amortization schedule will be adjusted on a pro-rata basis and will align with the amortization schedule used in the budget scoring process. The purpose of this treatment is to ensure that the legal documentation does not unnecessarily introduce credit pressure to the project. Specifically, to the extent the 1603 Cash Grant is delayed or is not received, DOE and the borrower would prefer to avoid a payment default if all other aspects of the project are working well and the project is producing sufficient cashflows to cover scheduled principal and interest payments. Since not all projects will be able to amortize all construction debt in the absence of the 1603 Cash Grant, we expect amortization schedules in the FFB documentation to vary from project to project. At this point, we are simply interested in understanding OMB's viewpoints on this and whether you see any implications for the agreed upon 1603 Cash Grant methodology.

We hope this provides you with sufficient background to understand our questions. If you want any further clarification, please do not hesitate to ask.

Brian Oakley
Scully Capital



From: James C McCrea <[REDACTED]>
Sent: Friday, October 1, 2010 4:18 AM (GMT)
To: 'Silver, Jonathan' <[REDACTED]@hq.doe.gov>
Subject: RE: Talking points

Indeed. Good luck. I am up early and should be in the office before 8 if you need anything and will still be up for a while.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: Silver, Jonathan [REDACTED]@hq.doe.gov]
Sent: Friday, October 01, 2010 12:06 AM
To: [REDACTED]
Subject: Re: Talking points

Very helpful, thanks.
Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: James C McCrea <[REDACTED]>
To: Silver, Jonathan
Sent: Thu Sep 30 23:25:46 2010
Subject: RE: Talking points

Comments below in red and CAPS.

I fixed scattered typos. Often Treasury was not capitalized and made the occasional word fix. However, mostly, I put my thoughts under a section in red along with suggested language so that you can take them or easily delete them.

All in all, a clear summary and a proper framing of the issue for S1.

Up as long you need me and I can get Roger if we need any more deal specific info.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

JM_00066103

-----Original Message-----

From: Silver, Jonathan [REDACTED]@hq.doe.gov]

Sent: Thursday, September 30, 2010 10:23 PM

To: [REDACTED]

Subject: Re: Talking points

Jim, edit my deal and credit section, but nothing else. I am interested in your points on other areas, but no edits.

Thanks.

Sure, but I don't have the form and I have a breakfast so here's a summary if you don't mind working from that.

Background

Shepherds Flat is a wind farm project located on the coast of Oregon. When completed, it will be the largest wind farm in the world.

IN OREGON BUT NOT ON THE COAST.

The project generated some publicity this past spring when NORAD forced it to stop its permitting work, citing potential risks to our coastal missile defense systems (the wind turbines caused radar problems). The issue was resolved.

The two project partners are Caithness, a developer, and GE, which is both an investor and the manufacturer of the turbines.

INVESTOR, MANUFACTURER AND THE OPERATOR. 10 YEAR O&M CONTRACT

The Transaction

The deal is a well structured transaction, which has received an OMB approved credit subsidy score of 1-3%. In general, the deal is moderately complex, but makes use of no unusual features other than letters of credit (which are not at all unusual in private sector deals). The letters of credit required some back and forth with OMB as to whether they would need to be re-evaluated from a debt perspective when they expired.

OMB HAS NOT ACTUALLY APPROVED THE CSC AS THERE ARE STILL TECHNICAL DISCUSSIONS TO BE HAD ABOUT HOW TO DO THE CSC GIVEN THE LOCS. PERHAPS, "IS EXPECTED TO RECEIVE..."

NOTE: SUSAN IS CONCERNED THAT THE OMB QUESTION ABOUT LOCS BEING ALLOWED, NOW THAT IT HAS BEEN RAISED, REALLY SHOULD BE PUT TO BED (I.E. RETRACTED) BEFORE WE PROCEED AS A NEGOTIATED RESOLUTION REGARDING AN ELIGIBILITY ISSUE IS OF SOME CONCERN TO HER. I SUSPECT THAT HER CONCERNS ARE RAISED BY THE EXTENT OF THE WRITTEN TRAIL FROM OMB ALTHOUGH WE HAVE ANSWERED THE STAFF LEVEL QUESTIONS. HOWEVER, THERE IS THE ISSUES LIST FROM LAST FRIDAY'S MEETING AT THE WH WHICH HAS NOT BEEN FORMALLY ANSWERED.

The Issue

This is not Treasury's issue (although it is really the only potential policy level issue in the transaction).

Instead, after weeks of silence (the Treasury team was briefed several weeks ago), UST concluded that there could be significant potential tax issues in the transaction (although

JM_00066104

they never said what they were, and have not, to this day).

They "required" that we obtain a "will" opinion level letter about the transaction. (This is an extremely high threshold for a deal to meet and means that the law firm reviewing the deal believes that the tax structure being utilized "will" meet all conceivable legal attacks on the structure.

REALLY IRS CHALLENGES RATHER THAN LEGAL ATTACKS.

The deal does not warrant this; it is plain vanilla. More important, "will" opinions are time consuming, expensive, contain highly sensitive business information, and, if required, would put a severe chill on applicant interest in the program.

Most important, perhaps, the opinion is required of the parent or sponsor. Our deals are done at the project level. We have no legal recourse to the parent, nor do we, in a general sense, care about the economic distributions at the parent. We are protected at the project level.

IT IS THE PARENT THAT TAKES THE RISK OF ECONOMIC LOSSES DUE TO ANY SUCCESSFUL IRS CHALLENGE. SHOULD WE AT LEAST MENTION TREASURY'S VIEW THAT "

What this has become, is a fight about what role Treasury will play in our deals going forward. The statute gives them a consulting role, nothing more. They have interpreted this exceptionally broadly, believing that THEIR role in tax policy requires that they approve each of our transactions. To date, they have fought us on interest rate hedging, leveraged leases, and more. (All of these are common features of private sector transactions.)

To exercise their self-proclaimed rights, UST told us they would only approve the Shepherd's Flat deal if we got language added to assert that the sponsor would get at least a "should" letter opinion on the transaction (a slightly weaker requirement than a "will" opinion, but still onerous). We offered instead the idea of "intent" language in the reps and warranties section of the deal (a deal the sponsor believes they have already struck with us). We also noted that the language they wanted constituted a material change and could not simply be added and voted on; it would have to be negotiated with the company. Consequently, we might miss the deadline for the President's radio address on Saturday.

The WH told us to send the Treasury language to the company. We did.

WILL S1 KNOW WHAT REPS AND WARRANTIES ARE? PERHAPS WE SHOULD SAY " SPONSOR FORMAL REPRESENTATIONS PROVIDED AS A CONDITION TO TRANSACTION CLOSING"

Not surprisingly, the company refused to sign, pointing out that the deal structure that had been negotiated used a series of pass through LLC's, which made the request moot and indicating that obtaining a "should" opinion from a third party law firm would be impossible since no firm would opine at that level on a deal with dozens of years to run, etc. (We share this opinion.)

PERHAPS, "WE SHARE THIS VIEW." TO AVOID DOUBLE OPINIONS.

We attempted to negotiate a scaled down version of the requirement, but were unable to do so. Treasury may also think we tried to game the outcome, since we could not get the language they wanted (thinking perhaps that because we don't think it is necessary, and, indeed, believe it to be harmful to the program, that we did not try. We have a full email chain demonstrating our efforts to get the Treasury language.

Ultimately, we do not believe this is about the specific tax structure of the deal in question (indeed, it is a very common structure). Instead, the call with the Treasury Secretary is about two things: the total amount of government support any given loan project should be able to benefit from and the role of Treasury (or, perhaps, even, who is in charge of the loan program).

On the total amount of support: this deal includes 1603 tax credits and other grants and some

JM_00066105

state level support. If you do not know or understand the deal, it can appear that the sponsors have about 10% equity at risk. In reality, there is 37% equity in the deal until two years after completion of the project and additional protections (10 year warranties, etc) that are way above market and further protect the transaction.

1603 IS GRANT, NOT CREDIT. HE MAY CONFUSE IT WITH ITC.

WARRANTIES FROM GE, A SPONSOR. ...AND FURTHER, BOTH PROTECT THE TRANSACTION AND DEMONSTRATE SPONSOR COMMITMENT.

Some in the White House believe that sponsors should always have at least 20% or more of equity in the deal, but that makes no accommodation for either the unique features of a deal or the simple fact that Congress created all these programs expressly for the purpose of supporting these projects.

...SUPPORTING THESE PROJECTS TO STIMULATE THE ECONOMY.

The other issue is about Treasury's role. UST believes it must approve our transactions. The governing statute gives it no such rights, and, indeed, we have it in our power simply to say that they have been consulted. UST is pushing for a right to set a series of policies by which we will run the program (equity at xx; "will" opinions on all transactions; no hedges, etc) that are both beyond the scope of their role and WHICH would do significant damage to the program (we would not be able to get FIPP or any commercial level deals done as those parameters are all grossly out of market).

Talking Points

We need to get the Shepherds Flat deal done so that the President can make it the centerpiece of his radio address on Saturday. To do that, the CRB must vote today. We cannot get the language Treasury wants in that time frame.

We need to resolve the consulting role Treasury will play. I am not prepared to give your staff effective veto rights over the loan program deals. We have a highly experienced and deeply competent team in place. In addition to our own professionals, we use tax and deal specialists from all of the top firms. We welcome your thoughts on our transactions and on how they might be improved, but the Department of Energy has the final say on what deals get done and in what form.

If you disagree with the programs Congress has put in place and the Administration has endorsed (1603, LGPO, etc) we should decide to change them legislatively. Until that time, I believe candidates have the right to use the full range of government programs at their disposal. (I should also point out that Congress specifically exempted our work from the double-dipping issue, making it clear that they mean these programs to be used in concert with one another.)

Finally, we need to stop the bickering and the infighting. I long ago told my people to refrain from exacerbating the issue and they stopped. You need to do the same. Treasury exercises its consultative role lightly in many other programs. I need that here as well.

I believe we share a common goal in getting these loans out the door. I know Congress and the American people do.

Jonathan Silver
Executive Director

JM_00066106

Loan Programs
U.S. Department of Energy

----- Original Message -----

From: Hurlbut, Brandon
To: Silver, Jonathan
Cc: OConnor, Rod
Sent: Thu Sep 30 20:38:05 2010
Subject: Talking points

Wh decided chu and geithner need to speak first thing in morning to make sf announcement happen - we recognize all of the logisitical challenges - but you and I need to get chu up to speed - I think he is almost there from previous talks this week.

We should hand him a talking points for this call - can you worl up some bullets tonight so we are ready for tomorrow morning?

JM_00066107

From: James C McCrea [REDACTED]
Sent: Monday, May 17, 2010 3:20 PM (GMT)
To: 'Sandra Claghorn' [REDACTED]; 'Brian Oakley'
[REDACTED]
Subject: RE: Designation Notice

Here is a dial in:

[REDACTED]

I might be a few moments late if the Orig call runs over. But, given urgency, start without me.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

-----Original Message-----

From: Sandra Claghorn [REDACTED]
Sent: Monday, May 17, 2010 9:01 AM
To: Jim C McCrea; Brian Oakley
Subject: Re: Designation Notice

Works for me as well.

Thanks guys.

S

Sent from my Verizon Wireless BlackBerry

-----Original Message-----

From: James C McCrea [REDACTED]
Date: Mon, 17 May 2010 11:32:03
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Designation Notice

1024x768 Clean false false false EN-US X-NONE X-NONE MicrosoftInternetExplorer4

Noon works for me.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: [REDACTED]
Sent: Monday, May 17, 2010 7:25 AM
To: James C McCrea
Cc: [REDACTED]
Subject: RE: Designation Notice

I'm happy to jump in. I've got a long scheduled dental appointment at 9:15 and a call at 11, so AM will be a little tight. Do you want to plan for noon?

Brian Oakley
Scully Capital
[REDACTED]

From: James C McCrea [REDACTED]
Sent: Monday, May 17, 2010 1:16 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Designation Notice

Brian & Sandy -

To fill Brian in, we have a pretty good mess on First Wind and it is looking like it is going to get a lot worse and quickly at that. Someone is pressing Jonathan who is now pressing hard on the everyone as the sponsor has an IPO in the works. I have told Jonathan that the deal has huge issues and that the sponsor's overdriving is not helping at all and that further, the sponsor's pending IPO is irrelevant. Monique and Hai won't be able to get this into shape and Sandy is way out of her comfort zone. I don't know what else to do to straighten this out other than to ask Brian to drop everything that he is working on (other than getting the Gate 2 numbers for US Geothermal so I can get them to OMB) and to then help us get First Wind unscrambled. Given the mess we are in and Sandy will have to serve as a guide for Brian or he will never be able to pick this up in time if he has to figure the transaction out on his own from scratch. Unfortunately, there is no one on the Origination side that can do this so I don't know what else to do.

When would you both be available for a call to begin the unscrambling process? 9AM Monday? If not, suggest another time. I will skip the ATVM call tomorrow but do have to be on the Origination call at 11 and OMB/DOE tag up at 1. Dave did not get the Tag Up agenda out Fri so I will have to work on that with him first thing but we should be done before 9.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]

From: Sandra Claghorn [REDACTED]
Sent: Monday, May 17, 2010 12:22 AM
To: Jim McCrea
Subject: FW: Designation Notice

Jim-

Given the email chain from Jonathan, I thought it was appropriate to forward the emails below. This is from our discussions with FFBS on Friday regarding the principal amortization schedule on the FFBS Note. Please note that neither Monique nor Hai are part of

JM_00077471

this process. Please also note that we are still in the process of figuring out how the FFB will calculate the amortization schedule on the loan. I have been referred to as the "numbers person" on the deal and I don't believe anyone else is checking them through the documents.

As I mentioned before, I am quite far outside my comfort zone with this deal. I see my job as performing credit review and analysis for my client. This job has gradually expanded to the point where I feel there is an expectation that I am somehow responsible for executing the deal - and even educating my client on how their process works. As such, I am going to have to pull back in my responsibilities here. I'm thinking it might be a good idea to find someone else to lead the execution of the deal through the Federal process. Preferably a Fed who understands governmental requirements and protocol and who will be responsible for ensuring that the numbers tie through all the documents. I'm happy to continue my credit role (i.e. reviewing docs and models, creating pitches and templates, etc.) but do not feel qualified to do more than that.

Sorry to throw yet another wrench into the process, but I thought it was important to speak up given my increasing discomfort with my role here.

Thanks-
Sandy

Sandra Claghorn
Credit Consultant
LGPO / ATVM



From: [REDACTED]
To: [REDACTED]@hq.doc.gov; [REDACTED]
Date: Fri, 14 May 2010 13:47:36 -0700
Subject: RE: Designation Notice
Sandy,

Should the numerator in the formula be changed to 1,940,018.61538462? Otherwise, there will be a slight overpayment each quarter. Of course, the resulting dollar amounts would still need rounding. That is why I suggested having three steps: 1-14, 15-65, and 66.

Allan

From: Heimert, Kimberly [REDACTED]@hq.doc.gov]
Sent: Friday, May 14, 2010 1:47 PM
To: Marks, Allan; 'Sandra Claghorn'
Subject: RE: Designation Notice

What? I just need somebody to tell me if the numbers are right or not, please.

Kimberly Heimert
U.S. Department of Energy
Office of the Loan Guarantee Program





From: Marks, Allan [redacted]
Sent: Friday, May 14, 2010 4:39 PM
To: Heimert, Kimberly; 'Sandra Claghorn'
Subject: RE: Designation Notice

By the way, for the formula, I note that the numerator for payment installments #15 through #-66 of \$1,940,019 is a rounded number while the denominator (\$117,338,968) is not. If the rounded number were summed, the total would be \$20 higher. The sum shown in column I of the amort schedule (which is then picked up in column C) is the sum of the actual mathematical amounts including fractions of a cent (\$1,940,018.61538462), not the sum of the rounded amounts.

I just wanted to alert you to it in case FFB is confused by how the formula works or the discrepancy.

Regards,

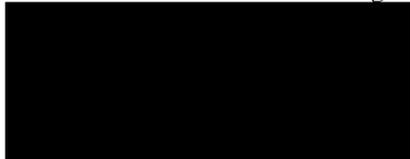
Allan

From: Heimert, Kimberly [redacted]@hq.doc.gov
Sent: Friday, May 14, 2010 12:38 PM
To: Marks, Allan
Cc: 'Sandra Claghorn'
Subject: RE: Designation Notice

Got it. Thanks. As soon as Sandy confirms that Pearl is ok with the formula provided below, I'll send the proposed language to FFB.

K

Kimberly Heimert
U.S. Department of Energy
Office of the Loan Guarantee Program



From: Marks, Allan [redacted]
Sent: Friday, May 14, 2010 3:20 PM
To: Heimert, Kimberly
Cc: 'Sandra Claghorn'
Subject: RE: Designation Notice

Slightly revised:

"graduated principal installments" -- the amount of each of the first fourteen quarterly principal installments with respect to each Advance shall be an amount equal to the amount of the Advance multiplied by a fraction, the numerator of which is 1,175,000 and the denominator of which is 117,330,968; the amount of each of the remaining quarterly principal installments of such Advance shall be an amount equal to the amount of the Advance multiplied by a fraction, the numerator of which is 1,940,019 and the denominator of which is 117,330,968, and shall, in the aggregate, be sufficient to repay the principal amount of such Advance in full by the Maturity Date.

For the second step, do you want to say "each of the remaining quarterly principal installments", or "each of fifteenth through sixty-sixth quarterly principal installments"? I had the impression that Peter would prefer the latter. Or perhaps just leave it as is and add a clause at the start of the provision (if not already covered elsewhere) stating that "the principal of each Advance will be repaid in 66 graduated principal installments, as follows".

Feel free to call if you wish to discuss.

Regards,

Allan

From: Heimert, Kimberly [REDACTED]@hq.doe.gov
Sent: Friday, May 14, 2010 11:36 AM
To: 'Sandra Claghorn'; Marks, Allan
Subject: RE: Designation Notice
Sandy and Allan:

I propose that this is the way that we describe what Sandy has done in the amortization schedule she attached below. What do you think? (Is product the correct term?)

Sandy, can you run this methodology by Pearl, to make sure she's ok with it? That way, I can send this language with a message that it is our understanding that the "formula" is acceptable to Pearl.

"graduated principal installments" -- the amount of each of the first fourteen quarterly principal installments shall be an amount equal to the [product] of the amount of the Advance, multiplied by a fraction, the numerator of which is 1,175,000 and the denominator of which is 117,330,968; the amount of each of the remaining quarterly principal installments shall be an amount equal to the [product] of the amount of the Advance, multiplied by a fraction, the numerator of which is 1,940,019 and the denominator of which is 117,330,968, and shall, in the aggregate, be sufficient to repay the principal amount of such Advance in full on the Maturity Date.

K

Kimberly Heimert
U.S. Department of Energy
Office of the Loan Guarantee Program

From: Sandra Claghorn [REDACTED]
Sent: Friday, May 14, 2010 2:12 PM
To: [REDACTED] Heimert, Kimberly
Subject: RE: Designation Notice

Allan and Kimberly-

I went back through the amortization schedule that we've been working with, but I think it is unchanged from the one I sent around a couple of days ago. I was trying to build in a trigger so we could turn the ITC on and off, but figured I'd get this to you first and continue working on that in the interim.

Basically, columns I and J calculate the graduated principal payment schedule according to the fraction of 1,175,000 over 117,330,968 for periods 1-14. Periods 15-66 is determined by the fraction of \$1,940,019 over \$117,330,968. I zeroed out the ITC so we could focus on getting the principal amortization for the Note. I will put the ITC back in to calculate the principal amortization for the credit subsidy calculation.

Kimberly, you've already seen this but, again, unless I'm missing something, I think it is unchanged.

JM_00077474

If you would like, I can break it out on an advance-by-advance basis just to be sure we're presenting it properly. That is relatively easy and I'm happy to do it if you think it would help.

As always, call or email if you would like to discuss.

Sandy

Sandra Claghorn
Credit Consultant
LGPO / ATVM



> From: [REDACTED]
> To: [REDACTED]@hq.doe.gov
> CC: [REDACTED]
> Date: Fri, 14 May 2010 10:18:39 -0700
> Subject: RE: Designation Notice
>
> Kimberly,
>
> Just one comment: In item 5, shouldn't the final maturity date be June 28, not June 27, 2028?
>
> Allan

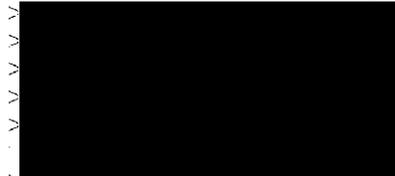
> -----Original Message-----

> From: Heimert, Kimberly [REDACTED]@hq.doc.gov
> Sent: Friday, May 14, 2010 10:02 AM
> To: Marks, Allan
> Cc: [REDACTED]
> Subject: Designation Notice

> Based on the feedback below, please review the new draft attached and let me know if you think it is accurate....

> *****

> Kimberly Heimert
> U.S. Department of Energy
> Office of the Loan Guarantee Program



> -----Original Message-----

> From: Heimert, Kimberly
> Sent: Friday, May 14, 2010 12:52 PM
> To: [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov
> Cc: [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]

> Subject: RE: "graduated principal installments"

>
> I understand...

>
> *****
> Kimberly Heimert
> U.S. Department of Energy
> Office of the Loan Guarantee Program



>
>
> -----Original Message-----
> From: [REDACTED]@do.treas.gov [REDACTED]@do.treas.gov]
> Sent: Friday, May 14, 2010 12:51 PM
> To: Heimert, Kimberly; [REDACTED]@do.treas.gov
> Cc: [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]
> Subject: RE: "graduated principal installments"

>
> Just to reiterate: the other DOE loans ultimately backed away from the amortization having to begin exactly 18 months after closing.

> -----Original Message-----
> From: Heimert, Kimberly [REDACTED]@hq.doe.gov]
> Sent: Friday, May 14, 2010 12:40 PM
> To: Burner, Gary; Bieger, Peter
> Cc: Buenvenida, Pearl; Romano, Loren; amarks@milbank.com; sandra.claghorn@hotmail.com
> Subject: RE: "graduated principal installments"

>
> Does that mean the answer is no... not possible?
>
> If so, we will have to set the Payment Dates at the time of closing, as it will have to provide for the first Payment Date to be exactly 18 months after the closing (which is the same date as the end of the Availability Period).

>
> *****
> Kimberly Heimert
> U.S. Department of Energy
> Office of the Loan Guarantee Program



>
>
> -----Original Message-----
> From: [REDACTED]@do.treas.gov [REDACTED]@do.treas.gov]
> Sent: Friday, May 14, 2010 12:38 PM
> To: Heimert, Kimberly; [REDACTED]@do.treas.gov
> Cc: [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]
> Subject: RE: "graduated principal installments"

>
> Kimberly,
>
> We will not be doing short coupons at the end of a schedule.
>
> Gary

> -----Original Message-----

> From: Heimert, Kimberly [REDACTED]@hq.doc.gov]

> Sent: Friday, May 14, 2010 12:36 PM

> To: Bieger, Peter

> Cc: Buenvenida, Pearl; Romano, Loren; Burner, Gary; [REDACTED]

> Subject: RE: "graduated principal installments"

>

> Assuming the below is possible, I've attached a slightly revised draft designation notice.

>

> By the way, the change is necessary because we are not allowed to have a term of more than 18 years after the initial advance.

>

> Thanks,

> Kimberly

>

>

>

>

> *****

> Kimberly Heimert

> U.S. Department of Energy

> Office of the Loan Guarantee Program

[REDACTED]

>

>

> -----Original Message-----

> From: Heimert, Kimberly

> Sent: Friday, May 14, 2010 12:33 PM

> To: [REDACTED]@do.treas.gov'

> Cc: [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]

> Subject: RE: "graduated principal installments"

>

> Petc:

>

> Quick question... did you tell me that the Maturity Date had to be a Payment Date? Is it possible for it to be another date, if we specify what that date is? And, perhaps, specify in the definition of Payment Date that the Maturity Date is also a Payment Date?

>

> So.... The language would read something like this...

>

> "Payment Date means March 15, June 15, September 15, and December 15 of each year and the Maturity Date."

>

> "Maturity Date means June 27, 2028."

>

> That would mean, of course, that in 2028, they would have Payment Dates on March 15, June 15, and June 27.

>

> Is this possible?

>

> Thanks,

> Kimberly

>

>

> *****

> Kimberly Heimert

> U.S. Department of Energy

> Office of the Loan Guarantee Program

[REDACTED]

>
>
>
> -----Original Message-----
> From: [redacted]@do.treas.gov; [redacted]@do.treas.gov
> Sent: Friday, May 14, 2010 11:34 AM
> To: Heimert, Kimberly
> Cc: [redacted]@do.treas.gov; [redacted]@do.treas.gov; [redacted]@do.treas.gov; [redacted]

> Subject: RE: "graduated principal installments"
>
> Are we not doing an 11:30 call?

> -----Original Message-----
> From: Heimert, Kimberly [redacted]@hq.doe.gov
> Sent: Friday, May 14, 2010 10:35 AM
> To: Bieger, Peter
> Cc: Buenvenida, Pearl; Romano, Loren; Burner, Gary; [redacted] 'Sandra Claghorn'
> Subject: RE: "graduated principal installments"

> Petc:
>
> After having a chance to review your email below a bit more and discuss it with some members of our team, I do think that it reflects what our intention is, given how FFB approaches Advances.
>
> I have made a few suggestions on the note provisions below, which are in the attached document.

> Thanks very much for getting back to us so quickly on this issue.

> Kimberly

>
>
>
>
> *****
> Kimberly Heimert
> U.S. Department of Energy
> Office of the Loan Guarantee Program



>
>
> From: Heimert, Kimberly
> Sent: Friday, May 14, 2010 10:07 AM
> To: [redacted]@do.treas.gov
> Cc: [redacted]@do.treas.gov; [redacted]@do.treas.gov; [redacted]@do.treas.gov; [redacted] 'Sandra Claghorn'

> Subject: RE: "graduated principal installments"
>
> Sorry... forgot to attach the designation notice draft. It is attached now.

> Kimberly

>
>
>
>
> *****
> Kimberly Heimert
> U.S. Department of Energy



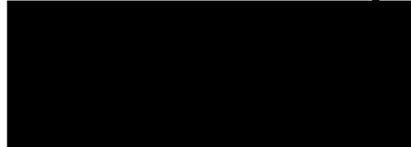


>
 > From: Heimert, Kimberly
 > Sent: Friday, May 14, 2010 9:34 AM
 > To: [REDACTED]@do.treas.gov'
 > Cc: [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; 'Sandra Claghorn'
 > Subject: RE: "graduated principal installments"

>
 > Pctc:
 >
 > Thanks very much. We're looking at this among ourselves, but it does seem as though the approach you describe below is the approach we've been anticipating. I have not thought through the prepayment text yet, but will do so.
 >
 > My only comment (at this point - pending discussion with the I.GPO team and a closer review of the prepayment text) is that if we assume that the entire loan is disbursed prior to the first principal repayment date, we should know the total principal payment amounts for each payment in advance. However, that does assume (as noted) that all of the loan is disbursed prior to the first principal payment date.

>
 > I've attached a revised draft designation notice that reflects the various dates, assuming a close of June 28, 2010.
 >
 > Look forward to talking to you at 11:30.
 >
 > Kimberly

>
 > *****
 > Kimberly Heimert
 > U.S. Department of Energy
 > Office of the Loan Guarantee Program



>
 >
 > From: [REDACTED]@do.treas.gov [REDACTED]@do.treas.gov]
 > Sent: Thursday, May 13, 2010 7:06 PM
 > To: Heimert, Kimberly
 > Cc: [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov; [REDACTED]@do.treas.gov
 > Subject: "graduated principal installments"

> Kimberly:
 >
 > In addition to doing graduated principal repayment through a master principal repayment schedule, FFB can also do principal repayment of each Advance through graduated principal installments as set out below. Under this method, each Advance would be assigned an amortization schedule according to the agreed-upon graduated principal repayment formula. Then, on each Payment Date, the amount due would be the sum of the respective graduated principal installment and accrued interest on the unpaid principal amount of each Advance. If one or more particular Advances was then prepaid, the amounts due on each following Payment Date would be the sum of the graduated principal and accrued interest payments due for the remaining Advances (like your removal of one layer of the layer cake analogy).
 >
 > The one result that this graduated principal payment methodology does not achieve, however, is a precisely determinable-in-advance master principal repayment schedule.

>
 > Looking forward to speaking with you all more tomorrow.
 >
 > Pctc
 >
 >
 > 8. Payment of Principal.

>
> (a) The principal amount of each Advance shall be payable in installments, which payments shall be due beginning on the particular date specified as the "First Principal Payment Date" on page 1 of this Note (such date being the "First Principal Payment Date"), and shall be due on each Payment Date to occur thereafter until the principal of the respective Advance is repaid in full on or before the Maturity Date [; provided, however, that with respect to each Advance that is made after the First Principal Payment Date, principal installments shall be due beginning on the second Payment Date to occur after the date on which the respective Advance is made]

>
> (b) With respect to each Advance, the amount of principal due on the First Principal Payment Date, on each Payment Date to occur thereafter, and on the Maturity Date shall be, in each case, the amount of the principal installment due under a principal repayment schedule for the respective Advance that is computed as follows:

>
> "graduated principal installments" -- the amount of each of the first [one-fifth]/[one-fourth]/[one-third] (or nearest number of payments that rounds to [one-fifth]/ [one-fourth]/[one-third]) of the total number of quarterly principal installments shall be substantially equal to [xx% ??] of the amount of each of the remaining quarterly principal installments, and shall be sufficient, when added to all other such quarterly installments of graduated principal, to repay the principal amount of such Advance in full on the Maturity Date.

>
> *****

>
> 15. Prepayments.

>
> (a) The Borrower may elect to prepay all or any portion of the outstanding principal amount of any Advance made under this Note, or to prepay this Note in its entirety, in the manner, at the price, and subject to the limitations specified in this paragraph 15 (each such election being a "Prepayment Election").

>
> * * *

> (g) In the event that the Borrower makes a Prepayment Election with respect to any Portion of an Advance, then the Prepayment Price paid for such Portion will be applied as provided in paragraph 14 of this Note and, with respect to application to outstanding principal, such Prepayment Price shall be applied to principal installments in the inverse order of maturity.

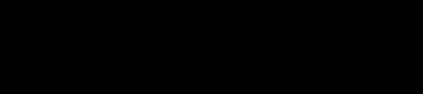
>
> (h) In the event that the Borrower makes a Prepayment Election with respect to any Portion of an Advance, then the outstanding principal amount of such Advance, after such partial prepayment, shall be due and payable in accordance with this subparagraph (h).

>
> (I) The amount of the quarterly principal installments that will be due after such partial prepayment shall be equal to the quarterly installments of graduated principal that were due in accordance with the principal repayment schedule that applied to such Advance immediately before such partial prepayment.

>
> (2) For each such Advance, the quarterly installments of graduated principal shall be due beginning on the first Payment Date to occur after such partial prepayment, and shall be due on each Payment Date to occur thereafter up through and including the date on which the entire principal amount of such Advance, and all unpaid interest (and Late Charges, if any) accrued thereon, are paid.

>
>
>
>
>

> Peter A. Bieger
> Deputy Assistant General Counsel
> (Banking and Finance)
> Department of the Treasury



>
>
> =====

>
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transactions or matters addressed within the meaning of IRS Circular 230, in which case you should seek advice based on your particular circumstances from an independent tax advisor.

> =====

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>

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=====

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=====

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=====

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From: James C McCrea <[REDACTED]>
Sent: Tuesday, August 10, 2010 12:19 AM (GMT)
To: 'Heimert, Kimberly' <[REDACTED]@hq.doe.gov>; 'Sandy Claghorn'
[REDACTED]; 'Brian Oakley' [REDACTED] 'J.
Anthony Curcio' [REDACTED]
Subject: RE: Beacon/Stephentown - CLOSED

Kimberly --

No big deal. Half the time I leave people out of large distribution e-mails and are all the time going back and adding people. I bet Fri was a bear and you must be glad to have it done!

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Heimert, Kimberly [REDACTED]@hq.doe.gov]
Sent: Monday, August 09, 2010 1:23 PM
To: [REDACTED] Sandy Claghorn; Brian Oakley; J. Anthony Curcio
Subject: RE: Beacon/Stephentown - CLOSED

I just sent an email to Sandy. I'm so sorry that I didn't tell all of you guys last week. It was absolutely inadvertent and inexcusable. There were some internal issues with stars and stripes that had me pulling my hair out all day Friday. When they were finally resolved, I just sent out a quick email and bolted. Why I didn't copy you guys, I don't know -- I attribute it only to temporary insanity caused by ... here.

Please know that I am immensely grateful for your input, participation, support, and expertise.

I'll forward to you an email that Jonathan sent around, which you definitely should have gotten, as well.

Kimberly

Kimberly Heimert
U.S. Department of Energy
Office of the Loan Guarantee Program

-----Original Message-----

From: [REDACTED]
Sent: Monday, August 09, 2010 1:18 PM
To: Sandy Claghorn; Brian Oakley; J. Anthony Curcio
Cc: Heimert, Kimberly
Subject: Fw: Beacon/Stephentown - CLOSED

It appears that Beacon closed last Friday.

JM_00070351

Jim
Sent via BlackBerry by AT&T

-----Original Message-----

From: "McCrea, Jim" <[REDACTED]@Hq.Doe.Gov>
Date: Mon, 09 Aug 2010 09:14:51
To: [REDACTED]
Subject: FW: Beacon/Stephentown - CLOSED

From: Silver, Jonathan
Sent: Monday, August 09, 2010 9:14:48 AM
To: McCrea, Jim
Subject: FW: Beacon/Stephentown - CLOSED
Auto forwarded by a Rule

Sent a note to Alvin, but wanted to let you know, too. I would really like to move this project through closing in August if that is at all possible. Its tied to larger events.

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
[REDACTED]

-----Original Message-----

From: Heimert, Kimberly
Sent: Friday, August 06, 2010 4:01 PM
To: Silver, Jonathan
Subject: RE: Beacon/Stephentown - CLOSED

I'm not working on Blue Mountain -- Alvin is. However, I understand that the OMB 28-day clock expires August 25. Assuming they actually provide the ok to the credit subsidy score by then, closing should be able to occur in the first week of September, if all of the CPs are met by then.

I don't know the status of the CPs. However, I am talking to Ruth, Roger, and outside counsel next week, to make sure they know what the closing process is.

Kimberly

Kimberly Heimert
U.S. Department of Energy
Office of the Loan Guarantee Program
[REDACTED]

-----Original Message-----

From: Silver, Jonathan
Sent: Friday, August 06, 2010 3:23 PM
To: Heimert, Kimberly
Subject: Re: Beacon/Stephentown - CLOSED

JM_00070352

Just out of curiosity, where are we with blue mountain?

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

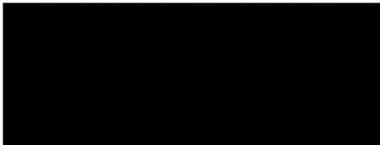


----- Original Message -----

From: Heimert, Kimberly
To: Silver, Jonathan
Sent: Fri Aug 06 15:21:28 2010
Subject: RE: Beacon/Stephentown - CLOSED

THAT is the best idea I've heard all week.... And happy to talk next week, too. :-)

Kimberly Heimert
U.S. Department of Energy
Office of the Loan Guarantee Program



-----Original Message-----

From: Silver, Jonathan
Sent: Friday, August 06, 2010 3:21 PM
To: Heimert, Kimberly
Subject: Re: Beacon/Stephentown - CLOSED

An enormous thank you to you specifically. I know this was not easy or pleasant.
Let's get together next week to discuss lessons learned.
Have a scotch! :)
J

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy



----- Original Message -----

From: Heimert, Kimberly
To: Westerheim, Ove; Ku, Ruth; Suissa, Yanev
Cc: Thomas, Sharon (LP); Kim, Dong; Taylor, Sonia; Silver, Jonathan; Frantz, David; Harris, Scott Blake; Richardson, Susan; Tanvir, Shafia
Sent: Fri Aug 06 15:14:33 2010
Subject: Beacon/Stephentown - CLOSED

The Beacon/Stephentown transaction has closed.

Congratulations to all!

Kimberly

Kimberly Heimert
U.S. Department of Energy
Office of the Loan Guarantee Program



From: Roger McDaniel <[REDACTED]>
Sent: Thursday, August 5, 2010 2:31 AM (GMT)
To: 'James C McCrea' <[REDACTED]>
Subject: RE: Bowen

I wonder whether we should be doing FIPP deals at all. In the other deals, at least we are trying to play a governmental role. In FIPP, we are trying to be a commercial financial institution, which we are is constitutionally (lower-case) difficult for us, especially when "us" includes OMB, Treasury and the White House. It's hard enough in 1703 transactions, where our role is much clearer. With FIPP, it seems like all we do is either (a) enable borrowers and lenders to make more money or (b) piss them off or (c) (in most cases) both.

From: James C McCrea <[REDACTED]>
Sent: Wednesday, August 04, 2010 10:25 PM
To: 'Roger McDaniel'
Subject: Bowen

Forgot to mention but you will hear from Rob tomorrow. Corrigan called me with Rob this afternoon. To the extent he is not otherwise occupied with supporting Peter (which I will work with him), he will be spinning up on manufacturing and also will be available for FIPP as a second to you guys. I heard from them that John Hancock has a bunch of Nevada Energy transactions in Part 1. He knows Anderson at Hancock pretty well and I told Dick that before he can do anything on Hancock, we need to clear it with Kimberly/Susan for conflict issues. Dick was rather surprised but he is not very sensitive to conflicts and the Loan Programs has moved far, far beyond Dick's thinking on conflicts.

On the LOC's, my hair hurts! Hate to be pessimistic but I have been burned so many times on things that are far simpler. I just do not have a clue on how to take anything other than plain vanilla through OMB/Treasury and I am wrong on plain vanilla more often than not.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

JM_00195781

From: Roger McDaniel <[REDACTED]>
Sent: Monday, September 27, 2010 11:49 AM (GMT)
To: Brian Oakley [REDACTED]
Cc: 'Karine Khatcherian' [REDACTED]; 'Jim McCrea'
[REDACTED]
Subject: Calculations for Treasury--Shepherds Flat
Attach: Notes on Greengate NPV analysis vs Treasury rev2 - KK.docx; RE Summary of Timing Tax Benefit Valuation (Ameer 9-26-10).htm; CSF Issues for Discussion (Treasury).docx; CSF Tax Benefit Analysis (Greengate 9-24-10).xslm; CSF Tax Benefit Analysis (Greengate 9-24-10)(linked to basic CSF model).xslm; Shepherds Flat Financials 9_26_2010 (Treasury).xls; CSF Depreciation Analysis Methodology Summary 09242010.docx; CSF Issues for Discussion (DOE 9-24-10).docx; CSF Model_060410_DOE-BC_Tax Analysis.xslm

Brian:

There was a big meeting at the White House on Friday with Treasury and OMB. The main focus was issues that Treasury raised about the size of the governmental benefits enjoyed by Shepherds Flat—cash grant, loan guarantee and tax depreciation—and whether they represent government support for an excessive portion of the project cost. We received Treasury's issues sheet on Friday morning (item 1 below), and Greengate did a very quick analysis of the same issues (having seen Treasury's text but not its analysis), and we inserted GG's results into the issues list for Jim and Jonathan to take to the 4:00 pm meeting (item 2).

We could use your help. Treasury approached issues one way, Greengate took a different approach, and it appears to Karine and me that neither one got it quite right (item 7). Our task is to get together with GG as soon as possible (starting today) on a DOE approach and then go to Treasury to reconcile approaches with them.

Value of Guarantee: There are different ways to calculate this, but it's not likely to be the biggest issue.

IRR and Tax Benefits: Treasury and GG measure the same items but combine them differently, so in places it's hard to combine them. For example, one question is this: When you calculate the value of tax depreciation, what do you compare it to: 5-year MACRS vs. book depreciation? Or vs. something else? GG calculates tax benefits as (tax depreciation less phantom income from the non-deductibility of principal payments). But Treasury looks at the value of tax depreciation compared to no depreciation at all, and I don't believe that Treasury includes that phantom income in any of its calculations.

Treasury uses a 10% discount rate for its NPV calculations.

The main thing I would appreciate your help with is GG's approach to the NPV of tax benefits. (i) They calculate depreciation net of phantom income for each period. (ii) Then they treat the positive difference each year (representing deferral of taxes) as an interest-free loan from the government. (iii) They show a 5% p.a. income stream from the balance on that loan as it grows and then falls. (iv) Then they apply the 10% discount rate to that income stream to get an NPV, and they consider that to be the NPV of the tax benefits.

It seems to me, to Jim (but only after hearing a quick description) and to Karine (I believe) that they are doing it wrong. I thought that the 10% discount rate represented the cost of capital (or the converse, earnings opportunity), so that applying the 5% income stream is adding something that is already part of the calculation.

I'll call you this morning to see if we can get some of your time.

I have attached a few items.

JM_00178321

1. The one-page issues list from Treasury, which we received Friday morning (CSF Issues for Discussion (Treasury).docx)
2. DOE's version of that issues list, with additional numbers based on Greengate's quick analysis on Friday (CSF Issues for Discussion (DOE 9-24-10).docx)
3. Treasury's calculations underlying item 1 (Shepherds Flat Financials 9 26 2010 (Treasury) xls)
4. Greengate's competing analysis (CSF Tax Benefit Analysis (Greengate 9-24-10).xslm)
5. John Ryan's explanation of how Greengate calculates the NPV of depreciation benefits (CSF Depreciation Analysis Methodology Summary 09242010.docx)
6. The version of the Shepherds Flat model that Greengate used for its calculations in item 4 (CSF Model_060410 DOE-BC_Tax Analysis.xslm)
7. Notes on Treasury's approach vs. Greengate's approach that Karine and I have put together (Notes on Greengate NPV analysis vs Treasury rev2 – KK.docx).

Thanks.

Roger

From: [REDACTED]
Sent: Sunday, September 26, 2010 10:33 PM
To: Roger McDaniel
Subject: RE: Updated notes

Here are my comments. Separated the sheet into 2 sections:

- comments on assumptions used
- comments on methodology / definition
- comments on calculations

The more I think about this, the more I end up with the following conclusions:

- Regarding depreciation benefits, the question is a bit academic. There are multiple ways of defining this, and no real reason why one would be better than the other. The comments we made are accurate, and people can agree to disagree about this. Assumptions should be consistent and accurate though (example of the tax rate and depreciation schedule). More of a philosophical/strategic question though regarding definition of tax benefits.
- Regarding IRR however, there is a real definition of that term, and it should be "accurately" calculated. T's formula is wrong. As discussed, does not take into account taxable income, but rather distributions for purposes of calculating taxes. I haven't checked yet Greengate's formula to see if it is more accurate. Will do that in the morning.
- Regardless of what we decide for the first point, would like Greengate to explain their rationale. Still don't understand it at all - would suggest having a call with them in the morning to go over their reasoning.

----- Original Message -----

Subject: Updated notes

From: "Roger McDaniel" [REDACTED]

Date: Sun, September 26, 2010 4:42 pm

To: [REDACTED]

Roger McDaniel
President
Madiqan Resources, LLC

[REDACTED]

JM_00178322



From: James C McCrea [REDACTED]
Sent: Friday, October 1, 2010 1:01 PM (GMT)
To: 'Silver, Jonathan' <[REDACTED]@hq.doe.gov>; 'Schultz, Douglas' <[REDACTED]@hq.doe.gov>; 'Ku, Ruth' <[REDACTED]@hq.doe.gov>
Subject: RE: Treasury position

We do not have any indication that Treasury has consulted external tax counsel. As far as we know, they are working with internal Treasury resources. They have not indicated any specific issues but rather a general concern that there could be issues and that they therefore need the comfort that they are seeking. Their concern is that their consultation constitutes approval of the structure of the transaction and that if the IRS later challenges the structure, it will be embarrassing for USG. Based on our understanding of the transaction, including review by our internal and external counsel, we have no indication whatsoever that there are any specific or significant tax issues in it.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

-----Original Message-----

From: Silver, Jonathan <[REDACTED]@hq.doe.gov>
Sent: Friday, October 01, 2010 8:54 AM
To: Schultz, Douglas; [REDACTED]; Ku, Ruth
Subject: Fw: Treasury position

Can any of you answer the secretary's question?

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

----- Original Message -----

From: Hurlbut, Brandon
To: Silver, Jonathan
Sent: Fri Oct 01 08:50:55 2010
Subject: Fw: Treasury position

----- Original Message -----

From: SCHU
To: OConnor, Rod; Hurlbut, Brandon
Sent: Fri Oct 01 08:49:11 2010
Subject: RE: Treasury position

Is it still true that Treasury has not consulted tax lawyers for their opinion?

Steven Chu
Department of Energy

-----Original Message-----

From: OConnor, Rod
Sent: Thursday, September 30, 2010 11:18 PM

JM_00066101

To: SCHU; Huribut, Brandon
Subject: Fw: Treasury position

More background below. I honestly don't know who is right on this one, but if we cannot work this out, we probably need to demand a Rouse, Zients, Geithner meeting in the next week. If this many folks have the ability to stop a loan, we will only get 3-4 more done this year. No way to run a railroad.

----- Original Message -----

From: Aldy, Joseph E. [REDACTED]@who.eop.gov>
To: OConnor, Rod
Sent: Thu Sep 30 22:48:33 2010
Subject: Treasury position

Mark Patterson conferred w/ Jeffrey Goldstein (U/S), Michael Mundaca (A/S) and Mary Miller (A/S). These three are holding firm and recommend that Geithner oppose a deal without adequate assurances on the tax issue. Mark does not believe that Geithner will agree to something that Jeffrey, Michael, and Mary are opposed to.

JM_00066102

From: Joshua Bar-Lev
Sent: Saturday, October 02, 2010 3:20 AM
To: Senior Management Team
Subject: Fwd: EMBARGOED: Weekly Address: President Obama Lauds Clean Energy Projects as Key to Creating Jobs and Building a Stronger Economy

Sent using BlackBerry

From: John Mulligan
To: John Woolard; Keely Wachs; Joshua Bar-Lev; Steve McBee <[REDACTED]>; Gabe Horwitz <[REDACTED]>; Arthur Haubenstock
Sent: Fri Oct 01 18:03:11 2010
Subject: Fwd: EMBARGOED: Weekly Address: President Obama Lauds Clean Energy Projects as Key to Creating Jobs and Building a Stronger Economy

See below from WH- embargoed until 6am tmrw

Sent from my iPhone

Begin forwarded message:

From: "Nelson, Greg" <[REDACTED]@who.eop.gov>
Date: October 1, 2010 6:53:38 PM EDT
To: [REDACTED] <[REDACTED]>
Subject: Fw: EMBARGOED: Weekly Address: President Obama Lauds Clean Energy Projects as Key to Creating Jobs and Building a Stronger Economy

John --

DOE was going to give you a heads-up, so hopefully this isn't a surprise, but FYI on the mention below.

Note the embargo until 6 AM, so please keep it close until then.

Sorry we couldn't make it work this week -- Valerie was out and about with the President and lots of other things going on today.

But would be happy to catch up next week.

Best.

G.

From: White House Press Office <[REDACTED]>
To: Nelson, Greg
Sent: Fri Oct 01 18:43:42 2010
Subject: EMBARGOED: Weekly Address: President Obama Lauds Clean Energy Projects as Key to Creating Jobs and Building a Stronger Economy

EMBARGOED UNTIL 6:00 AM ET, SATURDAY, October 2, 2010

WEEKLY ADDRESS: President Obama Lauds Clean Energy Projects as Key to Creating Jobs and Building a Stronger Economy

WASHINGTON – In this week’s address, President Obama announced that – due to clean energy incentives launched by his administration – a company called BrightSource plans to break ground this month on a new, revolutionary type of solar power plant. This will put about 1,000 people to work building the facility. And once completed, it will power up to 140,000 homes, making it the largest such plant in the world. But for all the potential of clean energy projects like this one, the GOP recently pledged to scrap all incentives for these projects, even ones currently in progress.

The full audio of the address is [HERE](#). The video can be viewed online at www.whitehouse.gov.

Remarks of President Barack Obama Weekly Address The White House October 2, 2010

Over the past twenty months, we’ve been fighting not just to create more jobs today, but to rebuild our economy on a stronger foundation. Our future as a nation depends on making sure that the jobs and industries of the 21st century take root here in America. And there is perhaps no industry with more potential to create jobs now – and growth in the coming years – than clean energy.

For decades, we’ve talked about the importance of ending our dependence on foreign oil and pursuing new kinds of energy, like wind and solar power. But for just as long, progress had been prevented at every turn by the special interests and their allies in Washington.

So, year after year, our dependence on foreign oil grew. Families have been held hostage to spikes in gas prices. Good manufacturing jobs have gone overseas. And we’ve seen companies produce new energy technologies and high-skilled jobs not in America, but in countries like China, India and Germany.

It was essential – for our economy, our security, and our planet – that we finally tackle this challenge. That is why, since we took office, my administration has made an historic commitment to promote clean energy technology. This will mean hundreds of thousands of new American jobs by 2012. Jobs for contractors to install energy-saving windows and insulation. Jobs for factory workers to build high-tech vehicle batteries, electric cars, and hybrid trucks. Jobs for engineers and construction crews to create wind farms and solar plants that are going to double the renewable energy we can generate in this country. These are jobs building the future.

For example, I want share with you one new development, made possible by the clean energy incentives we have launched. This month, in the Mojave Desert, a company called BrightSource plans to break ground on a revolutionary new type of solar power plant. It’s going to put about a thousand people to work building a state-of-the-art facility. And when it’s complete, it will turn sunlight into the energy that will power up to 140,000 homes – the largest such plant in the world. Not in China. Not in India. But in California.

With projects like this one, and others across this country, we are staking our claim to continued leadership in the new global economy. And we’re putting Americans to work producing clean, home-grown American energy that will help lower our reliance on foreign oil and protect our planet for future generations.

Now there are some in Washington who want to shut them down. In fact, in the Pledge they recently released, the Republican leadership is promising to scrap all the incentives for clean energy projects, including those currently underway – even with all the jobs and potential that they hold.

This doesn't make sense for our economy. It doesn't make sense for Americans who are looking for jobs. And it doesn't make sense for our future. To go backwards and scrap these plans means handing the competitive edge to China and other nations. It means that we'll grow even more dependent on foreign oil. And, at a time of economic hardship, it means forgoing jobs we desperately need. In fact, shutting down just this one project would cost about a thousand jobs.

That's what's at stake in this debate. We can go back to the failed energy policies that profited the oil companies but weakened our country. We can go back to the days when promising industries got set up overseas. Or we can go after new jobs in growing industries. And we can spur innovation and help make our economy more competitive. We know the choice that's right for America. We need to do what we've always done – put our ingenuity and can do spirit to work to fight for a brighter future.

Thanks.

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(36.4KB)

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From: McCrea, Jim [REDACTED]@Hq.Doe.Gov>
Sent: Tuesday, October 5, 2010 7:26 PM (GMT)
To: [REDACTED]
Subject: FW: Info Needed

From: [REDACTED]
Sent: Tuesday, October 05, 2010 3:25:31 PM
To: Winters, Matthew
Cc: McCrea, Jim
Subject: RE: Info Needed
Importance: High
Auto forwarded by a Rule
Matt,

Just returned – sorry for the delay. See inputs below. Hope this is helpful.

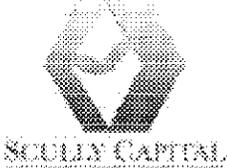
- OMB's authority vis-à-vis- the loan programs arises out of the Federal Credit Report Act (FCRA) and the Section 1703 Program's Final Rule. OMB is directed by FCRA to "coordinate" the credit subsidy estimates required by the ACT, by "consult[ing]" with agencies that administer loan guarantee programs. The 1703 Final Rule obligates DOE, prior to reaching financial close of any loan guarantee, to ensure that OMB has "reviewed and approved" DOE's calculation of the Credit Subsidy Cost of that guarantee.
- We would like the OMB review to take place only around financial close, and to consist only of what the agency is required to do – namely, review our credit subsidy score to ensure that we calculated it properly.
- OMB handles the loan program very differently than it handles other loan guarantee programs around the government – with far greater oversight and review.
 - For ExIm, they estimate credit subsidy on a loan by loan basis and OMB's review and approval is limited to the operation of the OMB-approved credit subsidy model.
 - For OPIC, they estimate credit subsidy on a loan by loan basis and OMB's review and approval is limited to the operation of the OMB-approved credit subsidy model.
 - For the Dept. of Agriculture loan guarantee program, they estimate credit subsidy on a "portfolio basis" which covers multiple projects underwritten over the course of a fiscal year.

NOTE: Department of Transportation loan programs are handled in the same way as DOE (i.e., loan by loan with significant OMB interaction). More than anything else, the extent of OMB oversight appears tied to the age of the program and the size of the loans underwritten. That said, the level of scrutiny on DOE is far more extensive than these programs.

Brian Oakley
Principal

Scully Capital
[REDACTED]

JM_00175869



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From: Winters, Matthew [REDACTED]@Hq.Doe.Gov]
Sent: Tuesday, October 05, 2010 11:58 AM
To: boakley [REDACTED]
Cc: McCrea, Jim
Subject: Info Needed

Brian-

Secretary Chu will be meeting with other Principals to discuss the OMB/Treasury/DOE dynamic. Jonathan and I are preparing talking points for him, which need to be completed by this afternoon. I'm told that you are the expert on how the OMB process work in other programs around the gov't. Would you be able to fill in the highlighted portions below? Thanks.

Matt

- OMB's authority vis-à-vis- the loan programs arises out of the Federal Credit Report Act (FCRA) and the Section 1703 Program's Final Rule. OMB is directed by FCRA to "coordinate" the credit subsidy estimates required by the ACT, by "consult[ing]" with agencies that administer loan guarantee programs. The 1703 Final Rule obligates DOE, prior to reaching financial close of any loan guarantee, to ensure that OMB has "reviewed and approved" DOE's calculation of the Credit Subsidy Cost of that guarantee.
- We would like the OMB review to take place only around financial close, and to consist only of what the agency is required to do – namely, review our credit subsidy score to ensure that we calculated it properly.
- OMB handles the loan program very differently than it handles other loan guarantee programs around the government – with far greater oversight and review.
 - For Exim, they [describe]
 - For OPIC, they [describe]
 - For the Dept. of Agriculture loan guarantee program, they [describe]

Matthew A. Winters
Senior Advisor, Loan Programs
U.S. Department of Energy

[REDACTED]

From: McCrea, Jim [REDACTED]
Sent: Tuesday, October 5, 2010 7:19 PM (GMT)
To: jimccrea@[REDACTED]
Subject: FW:

From: Winters, Matthew
Sent: Tuesday, October 05, 2010 3:18:35 PM
To: McCrea, Jim; 'boakley@[REDACTED]'
Auto forwarded by a Rule

Gentleman-

I need your help filling in the highlighted info in the next 30 minutes if possible. Thank you.

Matt

At issue is the role that OMB and Treasury (not to mention other agencies like NEC and the Office of Energy and Climate Change Policy) should play in the loan guarantee review process. The role they are currently playing is far in excess of what is required, or envisioned, by the relevant statutes and rules governing our programs.

Title XVII of the EPO Act of 2005 authorizes the Secretary of Energy "to make guarantees . . . for projects on such terms and conditions as the Secretary determines, after consultation with the Secretary of the Treasury." (Sec. 1702(a)). By this language, it is clear that DOE has principal and ultimate authority for determining the terms and conditions for loan guarantees issued under this program. The statutory obligation to consult with Treasury is reflected in the Sec. 609.7 of the 1703 Program's Final Rule, which states: "Concurrent with its review process, DOE will consult with the Secretary of the Treasury regarding the terms and conditions of the potential loan guarantee." Thus, by both statute and rule, Treasury's role is a purely consultative one. They have no authority to dictate the terms of loan guarantees; nor is there any requirement that they approve the terms before the guarantee may be validly issued.

OMB's authority vis-à-vis the DOE loan programs, is not found in the statute creating the Loan Programs. Rather, it is derived from Section 503(a) of the Federal Credit Reform Act (FCRA), which provides: "For the Executive Branch, the Director [of OMB] shall be responsible for coordinating the estimates required by this title. The Director [of OMB] shall consult with the agencies that administer direct loan or loan guarantee programs." It should be noted that Section 503(b) provides that the OMB director "may" delegate the authority to make estimates, based on written guidelines, regulations, or criteria consistent with FCRA.

The specific role that OMB is to play in the DOE loan guarantee approval process is delineated in Section 609.9 of the 1703 program's Final Rule, which obligates DOE, prior to the closing of any loan guarantee, to "ensure that . . . OMB has reviewed and approved DOE's calculation of the credit subsidy cost of the loan guarantee." Note, again, that OMB has no formal authority, either by statute or rule, to dictate or approve the terms and conditions of any loan guarantees. Its authority is to approve DOE's calculation of credit subsidy cost prior to closing – but not necessarily prior to the issuance of a conditional commitment, as has been our practice to date.

Thus, it is clear that, while Treasury and OMB each have a role to play in the loan guarantee process, these roles are circumscribed. They certainly are not intended to detract from DOE's programmatic authority, or impede the speed with which guarantees can be processed.

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To date, however, both OMB and Treasury have inserted themselves into the process to a much greater degree. OMB, though it is not required to opine on the credit subsidy score until closing, essentially re-underwrites each transaction at the conditional commitment stage. For example, on the Abengoa transaction, OMB sent LGP 88 separate questions as part of their pre-conditional commitment review (see Ex. 1 attached). And [another example] Even if OMB did have a role at the conditional commitment stage, in terms of reviewing the credit subsidy estimate, this sort of work is unnecessary and not contemplated by the statute or rule at all.

It should also be noted that there are numerous other loan guarantee programs scattered throughout the federal government, including those run by the Export Import Bank, OPIC, and the Department of Agriculture. In none of these cases does OMB play a similar oversight role.

(Get language here on what they do from Dave Frantz and Susan Richardson. Talk to Ag about the OMB role. Cathy Zoi will have a contact.)

Treasury seems to believe that its “consultative” role calls for it to review each deal, not on its merits and creditworthiness, but from a broader policy perspective. For example, rather than determining if a transaction is in compliance with current tax law, Treasury regularly raises broader tax policy issues – and not even because they think the deal in question exhibits any characteristic that would implicate the policy issue, but because they think that future projects in the loan programs could possible exhibit such features (It should be noted that there are no specific tax issues identified with the Shepherds Flat transaction; Treasury just wanted to hold up the deal and take the opportunity to discuss a broader policy issue.). Treasury has fought LGP on such common use tools as leveraged leasing, hedging and letters of credit (which have been around since the Greeks and which many companies prefer to using cash). Their concerns are often significantly out of market, and if fully incorporated into the deals could make them unviable.

It appears that Treasury has a fundamental concern about any project that is making use of the tax benefits available to renewable energy projects under current law (which, of course, Treasury, via the IRS, oversees). Yet tax attributes are a crucial driver of clean energy project finance – and many are not financially viable without them. It has been estimated that, prior to the economic crisis, tax equity regularly accounted for more than half of the capital structure of large wind projects, and up to 85% of the capital structure of solar projects. Business Week, Will Green Energy Wilt from Lack of Funds, February 3, 2009, at 1(citing research by Hudson Clean Energy). This is why the 1603 cash grants – which Treasury administers -- have been so crucial to maintaining any level of clean energy project development over the last two years. In light of this, Treasury’s policy concerns that they have recently raised seem overstated. This is particularly true in light of the fact that every one of the hundreds of projects that have receive 48(c) manufacturing credits from Treasury, and most of the early LGP projects (where Treasury played no role at all) utilize some sort of tax structure.

Matthew A. Winters
Senior Advisor, Loan Programs
U.S. Department of Energy



From: Otness, Chris [REDACTED]
Sent: Thursday, November 4, 2010 1:55 PM (GMT)
To: 'jim McCrea' [REDACTED]
Subject: RE: Reading through this memo...

So the major differences would be:

1. Repayment of \$
2. Ground up construction, as opposed to expansions
3. 1603 does nothing to fill the "valley of death" given that all of those projects are financed privately

?

Chris Otness
Loan Programs
U.S. Department of Energy
Contractor
[REDACTED]

-----Original Message-----

From: jim McCrea [REDACTED]
Sent: Wednesday, November 03, 2010 10:53 PM
To: Otness, Chris
Subject: RE: Reading through this memo...

Memo is horribly biased. The table of loans vs. grants is just appalling. Looks like they got so much more done with grants than we did with loans with so many fewer people. Well, think about this:

Our decisions are "major Federal actions" which requires the NEPA (National Environmental Policy Act) process of EAs and EIS's. Then, there is the fact that a grant is a grant. It is a one way trip of the money and the money never comes back. Our loans, by statute, have to have a "reasonable prospect of payment" which means payments in full when they are due over the life of the loan. This requires a full-fledged loan underwriting, often of innovative technologies. This is a major and full blown credit analysis which we conduct on transactions which often could not get financed at all in the private sector or which would have to be much more fully developed before they could get private sector financing. We are underwriting transactions when they are not far enough developed to get the time of day from a bank. We are taking construction risk which is the most difficult lending there is and the area where many banks have failed. The 1603 grants are made once project have completed construction and go "in service" so the construction risk is behind them. In short, giving money away is really easy. The hard part is setting it up so you get it back!

Their argument is that 1603 is more effective. In fact, there is a role for both but you do not get a 1603 until you build the plant and for that, you need a construction loan. We do the hard and heavy lifting! The comparison of 1705 and 1605 was a comparison of apples and oranges framed to make it look like 1705 and we were inefficient. Look at the staffing comparison. To do grants, it take merely two people. One to open the window and the other to empty the bushel basket of money out the open window.

I felt that the memo was extremely biased to sell a preconceived notion rather than to present a fair view of the alternatives to the decision maker. I say that in spite of my involvement with the program. If I had nothing to do with the program but had read it from my prior positions doing energy project finance, I would say exactly the same thing.

On top of it, Treasury and NEC is beating the crap out of us on the total level of government subsidy (1603, accelerated depreciation, renewable portfolio standards, 48C, value of the loan guarantee, etc.) in spite of the fact that this is all allowed by Statute and Congress, in other cases but not in this case, legislated against "double dipping." None of those issues has any impact on the proper lending decision and we are not required by the statutes under which we operate to do the analysis Treasury is asking for. They are also killing us on the level of return earned by sponsors and on and on. No analysis of this type at all is applied to the 1603 program. You could have a project so rich that it included a 40% after tax return. If you meet the qualifications for the 1603, you get the money and your return skyrockets even further.

I also had huge issues with the Shepherd's Flat analysis which was heavily biased and unfairly presented.

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All in all, I certainly would have been embarrassed to have my name attached to a memo like that as it is way below my professional standards.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Otness, Chris [REDACTED]
Sent: Wednesday, November 03, 2010 10:10 PM
To: 'jimccrea@[REDACTED]'
Subject: Reading through this memo...

...and the WH makes a compelling argument against loans and for grants.

Are the difference(s) in projects funded by 1705 vs. 1603 as simple as our projects are more financially secure, given the additional due diligence we conduct?

I looked at some of the largest recipients of 1603 grants. It seems as if most of them are expansions of already existing projects. Is that the case?

Trying to wrap my head around the internal debate.

Chris Otness
Loan Programs
U.S. Department of Energy
[REDACTED]

JM_00160810

From: James C McCrea [REDACTED]
Sent: Thursday, October 14, 2010 11:19 AM (GMT)
To: 'Silver, Jonathan' [REDACTED]
Subject: RE: Template for One Page Summary of Project Economics and Tax Issues for LGP Consultations

It is simply that calculating returns is something that finance types do so we can actually do it with the staff we have. The big issue is that there are no standard ways of doing this, it requires many simplifying assumptions, it is time consuming, it provides an answer that above all else, you know is wrong and that can only be interpreted if you really understand (can underwrite) the transaction so you can evaluate the return against a true understanding of the risk as a raw return is meaningless.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: Silver, Jonathan [REDACTED]
Sent: Thursday, October 14, 2010 7:13 AM
To: 'jimmccrea@[REDACTED]'
Subject: Re: Template for One Page Summary of Project Economics and Tax Issues for LGP Consultations

Get your point on taxes, but its not all finance. There is a tax component.
Let's see how rod responds.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: James C McCrea [REDACTED]
To: Silver, Jonathan
Sent: Thu Oct 14 07:04:17 2010
Subject: RE: Template for One Page Summary of Project Economics and Tax Issues for LGP Consultations

Like everything you said but would down play the need for tax professionals. Calculating all of this stuff is finance but there are so many ways to do it that it is not easy. On top of it, we do not really have the data to make anything but the crudest calculations based on major assumptions and even then, to interpret it requires the knowledge to underwrite the deal which Treasury does not have. The one thing that we know about any such analysis is that it will be wrong.

By the way, I have held back on 1 response to OMB and 2 to Treasury on their Baldwin questions because those questions go to these very issues. My intent was to discuss the questions and how to respond with you because any response would push us down a very slippery slope. I think that a flat out refusal and telling them to do it themselves is the best response as long as, if they kill a deal, we do not have to protect them from the consequences.

JM_00065781

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Silver, Jonathan [REDACTED]
Sent: Thursday, October 14, 2010 6:56 AM
To: 'jimmccrea@' [REDACTED]
Subject: Fw: Template for One Page Summary of Project Economics and Tax Issues for LGP Consultations

Fyi
Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: Silver, Jonathan
To: OConnor, Rod; Hurlbut, Brandon
Sent: Thu Oct 14 06:54:37 2010
Subject: Fw: Template for One Page Summary of Project Economics and Tax Issues for LGP Consultations

I think an email I sent you last night got garbled with input from several responses my team sent me on this matter.

Let me try to explain Jim's comment below that "this is a very big deal".

First, everyone is working flat out to get the packages ready for delivery by friday afternoon. (Even then, the packages will only be useful at the policy level. I repeat that most of these deals ARE NOT DONE. We are putting the packages together to assist other agencies in a policy level review. My guys are deeply concerned about the whole approach.) There is simply no way to get this done...even if we could.

And we can't. The work they are asking us to do is not really relevant to the work that we do do. We simply don't do tax policy and we don't have the folks to do it. Some of the analyzes they are asking for are not required for us to do our work or do it well.

Our collective best guess is that it would take several additional weeks of work to prepare the information ust has requested. My own best guess is that we can't do it at all; its a different experience set. I am opposed to doing it for treasury, but, if required to, will first need to add 5-7 tax analysts and tax lawyers. That will take several months.

If we staff up, ust and omb will need to as well, since the review of this new work will also be time consuming (did I mention that none of this work is necessary?)

Essentially, treasury is asking for a whole return, tax benefit, subsidy, tax issue analysis. Project finance, which is what we do, does not attempt to answer these questions. (Our folks from opic and exim tell me they have never seen any deal done by either of those institutions asked for this and have no idea how they would be able to comply.)

Some of what they have asked for is just wrong, like their approach to accelerated depreciation. Some of it is unclear; there are many ways, for example, to calculate return on equity and "skin in the game" (witness our ongoing struggle - never resolved- over how much equity was in Shepherd's Flat). Some of it makes no sense: how do you identify a mitigant to something (like a structure) that is legal and used commonly? Etc.

My intent is to tell treasury that we cannot do this for them (not that we cannot do it by friday, but that we are simply not able to do it at all). However, since we now send them every scrap of information we collect, they certainly have the data

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(we suppose) to do it themselves.

My only point inside DOE is that, if ust then does an analysis which causes them to tell us we cannot do a deal (which you know they have no technical right to do), we should be able to tell the applicant that treasury killed the deal.

Bottom line: unless I hear differently from you, I intend to send mary miller a note this morning explaining that we don't and can't do this; reminding her that her staff has all the same material we do; and suggesting that they tackle these issues directly.

I cannot in good conscience ask my folks to do this. The organization will fold.

J

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

From: James C McCrea [REDACTED]
To: Silver, Jonathan; Frantz, David
Sent: Wed Oct 13 21:41:43 2010
Subject: FW: Template for One Page Summary of Project Economics and Tax Issues for LGP Consultations

FYI. This is a very big deal.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: McCrea, Jim [REDACTED]
Sent: Wednesday, October 13, 2010 9:34 PM
To: jimccrea@[REDACTED]
Subject: FW: Template for One Page Summary of Project Economics and Tax Issues for LGP Consultations

From: Judson.Jaffe@[REDACTED]
Sent: Wednesday, October 13, 2010 9:33:32 PM
To: Frantz, David; McCrea, Jim; Fouad_P._Saad [REDACTED];
Kelly_T._Colyar [REDACTED]; Joseph_E._Aldy [REDACTED]
Cc: Gary.Burner [REDACTED]; Paula.Farrell [REDACTED];
Ian.Samuels [REDACTED]
Subject: Template for One Page Summary of Project Economics and Tax Issues for LGP Consultations
Auto forwarded by a Rule
All,

Following up on recent discussions, I have attached a sample one-page summary of economic metrics and tax issues that we would like to see DOE provide on each proposed loan guarantee going forward. We believe a summary page such as

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this will significantly improve our understanding of project economics and tax issues, provide a common factual basis for interagency discussions of these issues, and help Treasury expedite our consultations on each transaction.

For exposition, I have used details on Shepherds Flat to fill in this sample one-pager. In future transactions, certain line items in the attached may not be relevant, and others may need to be added (e.g., if future transactions raise tax issues or receive subsidies that are not present in Shepherds Flat).

We welcome comments that any of you have on: what is presented, how it is presented, and the calculations behind these metrics. We look forward to working with DOE and OMB to quickly reach agreement on a one-pager like the attached that DOE can provide on each transaction going forward.

We understand that we may be meeting on Friday afternoon to discuss several transactions currently in DOE's pipeline. We are working with OMB to develop a limited set of generic topics (i.e., not necessarily project-specific topics) that we would like to cover for each transaction during Friday's discussion. We will forward that complete list tomorrow morning once it is complete. However, it will definitely include the various metrics included in the attached. Therefore, to ensure that we can have a productive discussion on Friday, we hope that DOE can produce these metrics for each transaction in advance of Friday's meeting.

Regards,

Jud

From: jim McCrea [REDACTED]
Sent: Tuesday, October 19, 2010 3:26 PM (GMT)
To: 'Silver, Jonathan' [REDACTED]
Subject: RE: Thanks for the productive energy loan guarantee meeting yesterday

I am fine with it. The other example I find useful is that 11% may be a hugely fat return and 23% may be a really skinny return. You have to be able to completely underwrite a transaction and properly evaluate all risks to know which is which.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: Silver, Jonathan [REDACTED]
Sent: Tuesday, October 19, 2010 9:33 AM
To: 'jimmccrea@[REDACTED]'
Subject: Fw: Thanks for the productive energy loan guarantee meeting yesterday

The email I plan to send to rod. Thoughts?

So, to my mind, we're right back where we started.

This sounds benign, but its not. We HAVE a set of metrics we use and we've shared them with the world already. They are in our policies and procedures manual (and were basically stolen from opic's approach). They define basic good project finance guidelines, but they say nothing at all, obviously, about "appropriate" rates of return, "appropriate" all in subsidies, etc.

The debate over the new metrics and the way to calculate them will be endless (there are at least a half a dozen ways just to look at ROE and IRR, etc). We still don't agree on how to account for 1603...although we've now been told how to do it.

I'm afraid we will be told a number of things that will simply make it even harder to get deals done. The discussion at the meeting yesterday on "profit" was typical. It was misguided and naïve. Let me give you an example. We may all have houses to sell, but that doesn't mean they are worth the same. The prices differ because of location, size, number of rooms, etc. So, there is little value in comparing "returns" (whatever that means). One wind farm is on a mountain top using innovative technology. The other is built on a plain using off the shelf stuff. Are you surprised that its more expensive to build one than the other? Similarly, if one project uses more equity but the other distributes the itc to the debt holders and both have similar return characteristics, which is more profitable? Etc.

It goes without saying that there is no mention of pre announcements.

The "good" news is that I believe we are back where we started. We will keep grinding away on deals and turning out 1-2 a month, while we spend months debating the issues in aldy's note. (Aldy will be gone by the time these discussions end.)

One thought. To make it "worth" it to fight this out, can we get agreement upfront that, if we (ever) agree on a set of metrics, that means there are no more briefings and no questions on the deals?

Jonathan Silver
Executive Director

JM_00065063

[REDACTED]

From: Aldy, Joseph E. <[REDACTED]@who.eop.gov>
To: Silver, Jonathan; OConnor, Rod; Hurlbut, Brandon; [REDACTED]@do.treas.gov <[REDACTED]@do.treas.gov>; Ian Samuels ([REDACTED]@do.treas.gov) <[REDACTED]@do.treas.gov>; Mas, Alex <[REDACTED]@omb.eop.gov>; Mertens, Richard A. <[REDACTED]@omb.eop.gov>; Carroll, Kevin; Saad, Fouad P. <[REDACTED]@omb.eop.gov>; Colyar, Kelly T. <[REDACTED]@omb.eop.gov>
Cc: Ericsson, Sally C. <[REDACTED]@omb.eop.gov>; Zichal, Heather; Farrell, Diana <[REDACTED]@who.eop.gov>; Utech, Dan G. <[REDACTED]@who.eop.gov>; Kumar, Aditya <[REDACTED]@ovp.eop.gov>; Browner, Carol M. <[REDACTED]@who.eop.gov>
Sent: Tue Oct 19 08:13:51 2010
Subject: Thanks for the productive energy loan guarantee meeting yesterday

We would like to thank everyone for a productive meeting on the 1705 loan guarantee program yesterday. We found it useful to understand some of the details of the applications in this batch, and to surface some of the potential policy issues. In addition, we identified several actions for next steps:

- (1) TVA offtake: I have already followed up with OMB, and they are working through to better understand this issue.
- (2) Pricing debt: Treasury raised questions about the variation among and levels of pricing on government-guaranteed debt in several FIPP applications. I would appreciate it if Treasury and DOE staff could meet this week to work on this issue. For those of us who are not that familiar with the pricing of USG-guaranteed debt, it would be helpful if we could understand this in the context of potentially relevant analogs. E.g., what is the level and variation in pricing of debt issued by the Federal Financing Bank for non-FIPP loan guarantees? How does this compare with other USG loan guarantee programs, e.g., Ex-Im or USDA?
- (3) Summary measures: To facilitate an expedited review of applications, we need to reach an agreement on a set of summary measures of each deal. This could include at least some of the various financial and economic metrics identified in the draft Treasury one-pager from last week. It should also address typical/common questions submitted by OMB and Treasury to DOE on 1705 deals. I would appreciate it if Treasury, OMB, and DOE staff could meet this week to (1) identify metrics and summary characteristics that should be generated for each project; (2) agree on methodology for these metrics; and (3) decide how to allocate labor among the interagency to do this work. This exercise should focus on the key policy issues raised and discussed by principals in their meeting two weeks ago. I have already followed up with OMB and Treasury to ask them to compile a set of questions that they frequently ask of LG applications. Ideally, we would generate a 1-2 page summary template for each deal that summarizes key metrics and includes language to put metrics in context (e.g., if a summary statistic is not sufficient to characterize fully a given element of a deal) and develop the process (including assigning tasks to various staff across the interagency) to generate these summaries.

Unfortunately, I will not be able to attend meetings on (2) and (3) this week since I am departing for Brussels tonight. We need to keep the process going, so let me suggest the following. On (2), I would like Jud Jaffe of Treasury to follow up with his Treasury colleagues and DOE to schedule a meeting this week. On (3), I would like Alex Mas of OMB to follow up with his OMB colleagues, Treasury, and DOE to schedule a meeting this week. Please let me know once these meetings are scheduled, and then I will schedule follow-up calls with Jud, Alex, and Rod for later this week to debrief and plan for next steps for the following week. I can be reached on my BB at 202-503-5742 when on travel. Thanks,

Joe

Joseph E. Aldy
Special Assistant to the President for Energy and Environment
National Economic Council/Office of Energy and Climate Change

The White House
Washington, DC 20502



From: Silver, Jonathan [REDACTED]
Sent: Friday, June 25, 2010 7:12 PM (GMT)
To: Richardson, Susan [REDACTED]; 'James C McCrea'
Cc: Frantz, David [REDACTED]
Subject: RE: Abengoa, Abound, First Wind and Beacon Updates

if we can't close, we can't close. That said, we shouldn't not close because we can't resolve an issue with the applicant or because people have other plans, etc. We should only not close if there are substantive items that will weaken our investment/position in the deal.

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585
[REDACTED]

From: Richardson, Susan
Sent: Friday, June 25, 2010 3:05 PM
To: Silver, Jonathan; 'James C McCrea'
Cc: Frantz, David
Subject: RE: Abengoa, Abound, First Wind and Beacon Updates

J, This is creating some havoc with Beacon docs. I am advising our outside counsel not to start changing the docs to assume a closing next week, as I think it will hurt our position with the borrower, and just create a lot of wasted motion. but we continue to push to complete asap.

From: Silver, Jonathan
Sent: Friday, June 25, 2010 9:35 AM
To: Richardson, Susan; 'James C McCrea'
Cc: Frantz, David
Subject: RE: Abengoa, Abound, First Wind and Beacon Updates

Sounds like we can't do the closing deals but can announce the conditional commitments. Let's keep pushing on all four, but I will set the stage upstairs.

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585
[REDACTED]

From: Richardson, Susan
Sent: Friday, June 25, 2010 9:29 AM
To: 'James C McCrea'; Silver, Jonathan

JM_00206638

Cc: Frantz, David
Subject: RE: Abengoa, Abound, First Wind and Beacon Updates

Totally agree w/ Jim's assessment, esp re Beacon. We are dealing w/ an unsophisticated borrower, that is trying to save money by minimizing role of outside counsel. This is making it difficult to close off issues. I would hate to reward this behavior with a ceremonial closing and significant list of deferred CPs. Pressure for further waivers and funding would mount.

Also re FFB, this will be our first FFB closing w/ an internal DOE opinion to FFB re DOE guarantee. (In Solyndra, outside counsel gave the opinion.) We have ATVM precedent, and a form that "we" are happy w/ internally (Eric Fygi will give the opinion); but we have had no feedback from FFB. I would hate to be in a position where they can jam us with opinion demands.

From: James C McCrea [REDACTED]
Sent: Friday, June 25, 2010 1:09 AM
To: Silver, Jonathan
Cc: Frantz, David; Richardson, Susan
Subject: Abengoa, Abound, First Wind and Beacon Updates

Jonathan –

An update on the 4 projects as of this evening. DOE is moving with "the fierce urgency of now" while OMB/Treasury/FFB are moving with "the fierce urgency of ... whenever." There has been no sign of life from OMB/FFB/Treasury and no sign that they are responding to WH intervention.

Abengoa:

As far as I know, we still have not received the written consultation satisfaction document from Treasury. On Weds. it was read to Dave and me and was to be forthcoming within hours. Around 4PM Thurs. Ian Samuels indicated that it would not be an issue for a Tues AM CRB. I checked to see if the final credit subsidy cost files had been sent to OMB and I could not confirm that they had been although they were indeed run. I sent them over to Fouad with a request that they sign off in advance of CRB. I do not think there will be an issue as we are running it at the OMB suggested risk and recovery levels of BB/45%/45%.

ASSESSMENT: Everything should be in place for CRB approval and prompt announcement.

Abound:

In spite of our best efforts, we still do not have a date or time for a presentation to FFB/Treasury. The best we have is proposal from Ian Samuels that the briefing be scheduled at a time and a place convenient for Paula Farrell and Gary Burner and opened with a discussion of policy issues that we have been discussing (e-mail forwarded so you can see the policy discussion request. Once the briefing has occurred, the following steps ensue:

- FFB/Treasury provides their questions to DOE
- DOE prepares responses
- Treasury confirms that consultation is complete

We do not have Abound questions from OMB but, based on Fouad's comments on Thurs., they should be forthcoming on Fri. That will set in motion the following actions:

- DOE will prepare responses
- OMB will review DOE responses, decide risk and recovery ratings and communicate its assessment to DOE
- DOE will then have to run the cash flows at the OMB risk and recovery ratings and forward those to OMB for approval
- OMB will communicate its approval to DOE

ASSESSMENT: The lack of a scheduled Treasury/FFB briefing time and OMB questions and the necessary steps that must be accomplished before Gate 2 credit subsidy cost approval and completion of Treasury

consultation make the probability that these steps can be completed before a Tuesday morning CRB remote even with WH intervention.

First Wind:

There are significant outstanding issues, including issues that have surfaced today. The issues would ordinarily preclude closing. The applicant submitted a revised new model on Weds. and the model does not match the terms of the transaction. Further, project cost numbers are moving around making it extremely difficult to complete the necessary calculations. The construction schedule was extended two months leaving a significantly reduced cushion before liquidated damages must be paid to Hawaiian Electric. Finally, it was learned this week that the building permit has not been issued and there is not a clear timetable for its issuance. If this transaction closes next week it will only do so with the waiver of significant conditions precedent which would not normally be waived.

ASSESSMENT: Under ordinary circumstances and even with significantly accelerated efforts, this transaction would likely be closer to two weeks from closing. The outstanding issues are beyond what would normally be addressed by conditions subsequent which must be satisfied prior to release of funds.

Beacon:

Discussion of the transaction is expected to occur with OMB on Tuesday. There is a significant IP licensing issue that will require actions from a Japanese firm. The normal discussions with FFB regarding the transaction are well short of completion.

ASSESSMENT: Under ordinary circumstances and even with significantly accelerated efforts, this transaction would likely be several weeks from closing at best. The outstanding issues are beyond what would normally be addressed by conditions subsequent which must be satisfied prior to release of funds.

First Wind/Beacon FFB Spread:

The complete inability to obtain the FFB spread in spite of repeated efforts and numerous e-mails and phone calls is extremely disconcerting. It is difficult to see the failure to provide the spreads as anything other than deliberate, the reasons for which are not apparent.

All in all, I do not see how we can deliver, even with significant WH support, on anything other than Abengoa. The sooner we can remove First Wind and Beacon from the accelerated process, the better.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



From: James C McCrea [REDACTED]
Sent: Wednesday, April 14, 2010 9:03 PM (GMT)
To: 'Sandra Claghorn' [REDACTED]; 'Stephen Shulman'
[REDACTED]
Subject: RE: Great Basin project

Steve --

I will be in DC from Tues to Fri next week.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



-----Original Message-----

From: Sandra Claghorn [REDACTED]
Sent: Wednesday, April 14, 2010 4:58 PM
To: Stephen Shulman; Jim C McCrea
Subject: Re: Great Basin project

Steve-
Happy to talk next week. My schedule is pretty open right now. I have a 10am appt on Mon and a 3:00pm on Friday.

My phone number is below.

Talk soon-
Sandy

Sent from my Verizon Wireless BlackBerry

-----Original Message-----

From: Stephen Shulman [REDACTED]
Date: Wed, 14 Apr 2010 19:29:45
To: <jimmccrea@[REDACTED]>
Cc: <sandra.claghorn@[REDACTED]>
Subject: Re: Great Basin project

It is SWIP (goes by a variety of names, including One Nevada these days). We're not ready to do any formal briefing yet, but I thought it would be helpful to come by to broadly discuss the project and what we are considering. Maybe we can do that early next week. Sandy -- can you give me your contact info? Thanks.

Steve Shulman
[REDACTED]

On Wed, Apr 14, 2010 at 3:21 PM, James C McCrea [REDACTED] > wrote:

Steve -- I presume that you mean SWIP? If so, Sandy Claghorn will be lead on it and I have not yet figured out who will be the second. Sandy has experience from her Fitch days with evaluating utilities as she was heavily involved in rating the securitization of utility stranded costs in the mid 90's. I am not sure that I have yet mentioned to her that she would be lead on SWIP as we have not

JM_00079530

chatted in a few days so this e-mail will alert her to that. When you do the initial briefing, I would like to participate along with Sandy and hopefully, we will have identified the second Credit person as well and they will be able to participate as well.

Sandy -- This is a very high profile transaction that has, within the past 2 weeks, become the subject of a ton of high level focus. It is a priority for Jonathan. Steve got dropped into it to lead the charge. I will want to add a second person from Credit on it as well and would be interested in your thoughts. Holler when you want to chat about this.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Stephen Shulman [REDACTED]
Sent: Wednesday, April 14, 2010 3:10 PM
To: James McCrea
Subject: Great Basin project

Jim: Have you assigned someone from your group to work on the Great Basin (LS Power) transmission project? I want to brief someone soon as we are beginning to work on deal structure and I want to make sure we are talking the same language at DOE. To the extent that your people have some experience with regulated utility ratemaking and projects, that might be helpful in understanding the risk profile. Thanks, Steve

JM_00079531

From: James C McCrea [REDACTED]
Sent: Tuesday, July 27, 2010 5:03 PM (GMT)
To: 'Kittell, Matthew' [REDACTED]; 'rogermcdaniel@[REDACTED]'
Subject: RE: 800MW Wind Farm

Love it that they used a leveraged lease.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: McCrea, Jim [REDACTED]
Sent: Tuesday, July 27, 2010 12:36 PM
To: jimccrea@[REDACTED]
Subject: FW: 800MW Wind Farm

From: Kittell, Matthew
Sent: Tuesday, July 27, 2010 12:35:43 PM
To: McCrea, Jim
Subject: FW: 800MW Wind Farm
Auto forwarded by a Rule

From: Kittell, Matthew
Sent: Tuesday, July 27, 2010 12:22 PM
To: 'Roger McDaniel'
Subject: FW: 800MW Wind Farm

Roger,

Below are email exchanges that occurred this morning. I've attached a draft crosswalk between the two transactions.

I'm happy to discuss the crosswalk with you if needed.

Matt

Matt Kittell
Department of Energy
Loan Guarantee Program

[REDACTED]

From: Silver, Jonathan
Sent: Tuesday, July 27, 2010 10:02 AM
To: Kittell, Matthew; Hurlbut, Brandon
Subject: RE: 800MW Wind Farm

From the Alta website. At a minimum, the difference would seem to be that Alta is being done as several discrete projects. When

JM_00071242

you add in that Shepherds flat has more turbines overall, it would seem clear that SF is the biggest.

The Alta Wind Energy Center (AWEC) is located in the heart of one of the most proven wind resources in the United States - the Tehachapi-Mojave Wind Resource Area. Terra-Gen is developing the AWEC, California's largest wind energy project, adjacent to existing wind projects between the towns of Mojave and Tehachapi. Due to a welcoming community and the participation of a diverse group of landowners (private and public, local and non-local, large and small), the AWEC has a strong foundation for success.

The AWEC will be comprised of several distinct projects and will utilize the same wind resource that has powered thousands of turbines for the past two decades

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy

From: Kittell, Matthew
Sent: Tuesday, July 27, 2010 10:01 AM
To: Silver, Jonathan; Hurlbut, Brandon
Subject: RE: 800MW Wind Farm

Shepherds Flat will have 338 turbines (18 more than Alta) and a capacity of 845MW (45MW more than Alta), so it is larger. But in any case, I will work with our project engineer to do a crosswalk between Shepherds Flat and Alta Wind. We get you something in an hour or two.

Matt

From: Silver, Jonathan
Sent: Tuesday, July 27, 2010 10:00 AM
To: Hurlbut, Brandon; Kittell, Matthew
Subject: RE: 800MW Wind Farm

Not that it matters, but this is from Wikipedia:

Shepherds Flat Wind Farm is a planned wind farm near Arlington, Oregon, United States. Installation of the wind turbines is scheduled to begin in 2010 and the project is expected to be fully built in 2012.^[1] Built by Caithness Energy, it will supply electricity to Southern California Edison. The wind farm is projected to be the largest land-based wind farm in the world when it is completed.^[2]

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585

From: Hurlbut, Brandon
Sent: Tuesday, July 27, 2010 9:56 AM

JM_00071243

To: Kittell, Matthew
Cc: Silver, Jonathan
Subject: RE: 800MW Wind Farm

I saw this – I am confused. We need to figure out how to properly characterize Shepherd’s Flat as WH is considering whether to have top principal involved. Is it the largest in the world? (Matt, you said yesterday it is) and how does SF compare to Alta – it seems Alta is ultimately larger but done in phases and not one site.

From: Kittell, Matthew
Sent: Tuesday, July 27, 2010 9:49 AM
To: Hurlbut, Brandon
Subject: 800MW Wind Farm

Brandon,

FYI - this was in the news today. This project will consist of up to 320 wind turbine generators capable of generating up to 800 megawatts (MW), so although they may be “largest” in the U.S., Shepherds Flat will be larger.

Multibillion-Dollar Wind Project To Break Ground. The Los Angeles Times (7/27, Hsu, 776K) reports the multibillion-dollar Alta Wind Energy Center, which is “being called the largest wind power project in the country, with plans for thousands of acres of towering turbines in the Mojave Desert foothills generating electricity for 600,000 homes in Southern California,” is “finally kicking into gear.” On Tuesday, after “a tortured history, stretching across nearly a decade of ownership changes, opposition from local residents and transmission infrastructure delays,” the project “s officially breaking ground in the Tehachapi Pass, a burgeoning hot spot for wind energy about 75 miles north of Los Angeles.” According to analysts, “when completed, Alta could produce three times as much energy as the country’s largest existing wind farm.” It will probably also “be a wind power bellwether, affecting the way renewable energy deals are financed, the development of new electricity storage systems and how governments regulate the industry.”

Matt

From: James C McCrea [REDACTED]
Sent: Thursday, September 9, 2010 11:32 AM (GMT)
To: 'Schultz,Douglas' [REDACTED]; 'Ku,Ruth' [REDACTED];
'Roger McDaniel' [REDACTED]; 'Karine Khatcherian'
[REDACTED]; 'boakley@[REDACTED]'; 'Anthony
Curcio' [REDACTED]; 'Paul Ameer' [REDACTED]
Subject: Shepherds Flat -- Draft Responses to OMB Questions

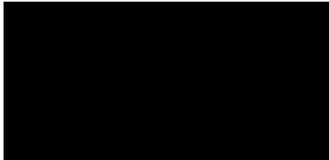
As I discussed with Doug yesterday, I am looking for draft responses to the OMB questions this morning as it is my intention to get a response package to OMB mid day today. If you will not be getting responses to me by 11AM, please advise so that we can discuss.

Also, as we go through the Shepherds Flat process with both OMB and Treasury, we will get a lot more questions as you know. We are going to have to be very fast in turning around responses and sending them to both. To do otherwise, will leave us firmly on the political path and give the agencies an opportunity to blame us when they are pressures to make decisions. As you all know, the pressures to make decisions on this transaction are high so speed is of the essence. My goal for question turnaround is no more than 2 days to complete all questions and hopefully a single day. We have worked at that pace on a number of other complex transactions so I know that the pace is achievable.

Thanks in advance for your help.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



JM_00067513

From: jim McCrea <[REDACTED]>
Sent: Monday, December 6, 2010 11:45 PM (GMT)
To: 'Julie Stewart' <[REDACTED]>
Cc: 'Renee Sass' <[REDACTED]>
Subject: RE: FW: STP 3&4 Update for 7th Floor
Attach: NRG - Dec 6 Mtg 1(RJS and JAS and JCM).docx

Nice work. My comments are embedded.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: Julie Stewart [REDACTED]
Sent: Monday, December 06, 2010 6:19 PM
To: jim McCrea
Cc: Renee Sass
Subject: Re: FW: STP 3&4 Update for 7th Floor

Jim -

Attached are Renee's and my comments on the NRG - JS 12/6 Memo. Please feel free to edit and we are available to discuss.

Thanks-
Julie

Julie Stewart | Contractor - Loan Guarantee Program Office
United States Department of Energy

[REDACTED]

On 12/6/2010 11:59 AM, jim McCrea wrote:
Please review and then we should jump on a call on my dial in and chat about this.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: Hulihan, Terrence [mailto:[REDACTED]@hq.doe.gov]
Sent: Monday, December 06, 2010 11:46 AM
To: 'jim McCrea'; Winters, Matthew

JM_00059895

Cc: Frantz, David; Hulihan, Terrence; 'Paul Barbian'
Subject: RE: STP 3&4 Update for 7th Floor

All-

David Crane/CEO of NRG and Steve Winn/CEO of NINA are coming in to meet with Jonathan today at 2 pm. Attached is a briefing memo for Jonathan. FYI.

Terry

From: jim McCrea [REDACTED]
Sent: Monday, December 06, 2010 11:34 AM
To: Winters, Matthew
Cc: Hulihan, Terrence; Frantz, David
Subject: RE: STP 3&4 Update for 7th Floor

In addition to STP 3&4, NRG is in BrightSource which is about to take off for closing as everyone is working on being pencils down by 12/20, Agua Caliente, and California Valley Solar Ranch.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: McCrea, Jim [REDACTED]@Hq.Doe.Gov]
Sent: Monday, December 06, 2010 11:28 AM
To: [REDACTED]
Subject: FW: STP 3&4 Update for 7th Floor

From: Winters, Matthew
Sent: Monday, December 06, 2010 11:28:22 AM
To: McCrea, Jim; Hulihan, Terrence
Cc: Frantz, David
Subject: RE: STP 3&4 Update for 7th Floor
Auto forwarded by a Rule

Dave-

Could you send me a list of the other active projects that NRG is involved in? Thanks.

From: McCrea, Jim
Sent: Monday, December 06, 2010 11:16 AM
To: McCrea, Jim; Winters, Matthew; Hulihan, Terrence
Cc: Frantz, David
Subject: RE: STP 3&4 Update for 7th Floor

One other thing to note is that NRG is on a number of the transactions that will be adversely affected if resources have to be

JM_00059896

diverted to STP 3&4.

Jim

Jim McCrea
Contractor & Senior Credit Advisor
Loan Programs
U.S. Department of Energy


From: McCrea, Jim
Sent: Monday, December 06, 2010 11:12 AM
To: Winters, Matthew; Hulihan, Terrence
Cc: Frantz, David
Subject: RE: STP 3&4 Update for 7th Floor

Matt –

I have no idea what is included in Terry's memo as Credit (myself, Renee and Julie) have not seen it.

We submitted for the full blown approval process. That stopped cold when Terry said that the review would be done in two weeks. Once that was said, everyone (OMB, Credit Committee) stopped work to wait for a resubmittal. Legal and technical advisors have reviewed the new contract and that has lead to continued negotiations. The dramatic EPC changes lead to significant term sheet and structural changes which the Sponsor has not found acceptable. I think that the discussion needs to reflect that the transaction cannot merely move forward based on a review but rather, it requires completion of the significant on-going negotiations which will have to close out some rather significant and stubborn issues.

That said, we need to make sure that no one commits to move STP 3&4 forward in the near future or it will knock quite a number of high priority deals off track. Dave Frantz and I have talked about the adverse consequences of moving STP 3&4 but Terry, Paul, Renee, and Julie have major commitments to the high priority transactions and an extended credit subsidy discussion will create major issues for Brian's and Anthony's groups. If we move forward a significant number of high priority deals will slow materially to make way for STP 3&4.

A few edits are shown below. Red is inserts. Shrunken words are deletions.

From: Winters, Matthew
Sent: Monday, December 06, 2010 10:52 AM
To: Hulihan, Terrence; McCrea, Jim
Subject: STP 3&4 Update for 7th Floor
Importance: High

Jim/Terry-

Valerie Jarrett is meeting with the CEOs of NRG and Reliant tomorrow, and they are looking for a short background/update on the STP 3&4 project. Based on Terry's recent memo to Jonathan, and our brief conversation this morning, I've drafted the following.

Can each of you please confirm that this is accurate, and suggest any edits/additions? Thanks.

Matt

JM_00059897

Nuclear Innovation North America LLC (an 88% subsidiary of NRG Energy Inc) has applied for a DOE loan guarantee to support the STP 3&4 project – which consists of the construction of two ABWR 1500MW reactors at an existing nuclear facility in Matagorda County, TX. The reactors are first-of-their-kind in the U.S., though there are four such reactors currently operating in Japan. The project is seeking a \$7.3B guarantee, which will cover approximately 43% of the estimated \$17.1B total project costs. It is estimated that the projects will create approximately 5,500 construction jobs and 800 permanent jobs.

In September 2010, just as DOE was about to complete had completed its pre-conditional commitment due diligence on the STP 3&4 project and had submitted it for interagency approval, NRG Energy decided to replace one of its key Engineering, Procurement, and Construction (EPC) contractors, and renegotiate the EPC contract. This contract is integral to the project. Accordingly, the project could not be formally approved until it was finalized. In an effort to speed the ultimate interagency review process, however, DOE submitted a near-final credit package to OMB and Treasury in mid October, so that they could begin their review. This was done with the understanding that the credit package would be amended once the project's new EPC contract was finalized. DOE received NRG's renegotiated and finalized EPC contract approximately 10 days ago and is currently reviewing it. When this review is complete, an amended credit package will be transmitted for approval to OMB, Treasury, and DOE's internal credit committee. Upon their approval, the transaction will then be reviewed by DOE's Credit Review Board and Secretary Chu. Upon their approval, the DOE will issue a conditional commitment for the loan guarantee to the STP 3&4 project.

Matthew A. Winters
Senior Advisor, Loan Programs
U.S. Department of Energy



From: James C McCrea [REDACTED]
Sent: Wednesday, January 27, 2010 3:50 AM (GMT)
To: 'Silver, Jonathan' [REDACTED]
Subject: RE:

Will chat tomorrow but I am definitely in the hurt us camp at the moment although we are still early in the process. I suspect she is being watched closely to make sure she represents OMB to DOE and not DOE to OMB. They gained. We are significantly weakened. She used to be able to get a good handle on things and really knew her way around. She could stay after meetings and have one on one chats to understand things. We no longer have the benefit of that and you get e-mails to check to see if that really was a DOE response that OMB got all weekend. It is not as if she just met me and has no understanding of how I handle myself professionally. I can't get the slightest hint of where things are or what their timetable might be in order to bring that info back to you. She and they are inscrutable.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Silver, Jonathan [REDACTED]
Sent: Tuesday, January 26, 2010 10:32 PM
To: jimccrea@[REDACTED]
Subject: Re:

What role is kelly playing in all this?
It has always seemed to me that it could go either way: help us, in that she knew the program, or hurt us, as she tries to earn her omb stripes.
What do you think?

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

----- Original Message -----
From: James C McCrea [REDACTED]
To: Silver, Jonathan
Sent: Tue Jan 26 22:26:46 2010
Subject: RE:

I sure hope so as things have not improved. Unfortunately, they are worse these days and clearly, we will be unable to keep up the transaction pace if the hazing continues. This has been a pretty grim week.

We have everything over to them complete with a request that they send their response to Dave Frantz with a copy to me. We will see what happens as they really seem to be allergic to dealing with a contractor.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

JM_00080039

[REDACTED]

From: Silver, Jonathan [REDACTED]
Sent: Tuesday, January 26, 2010 10:17 PM
To: jimccrea@[REDACTED]
Subject: Re:

We made some headway in putting omb back in a box in the mtg with rahm today. We'll see how that plays out in the days ahead.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

----- Original Message -----

From: James C McCrea [REDACTED]
To: Silver, Jonathan
Sent: Tue Jan 26 19:55:11 2010
Subject: RE:

We only need to finish resolving a small DSCR issue so that we can provide info to OMB. Normally, we have it well enough resolved and would have sent it over an hour ago. However, given the type of reception we have been getting of late from OMB, we are not yet ready to respond and are trying to tie things down tighter to withstand any potential grilling. In a normal world, this would be a non issue. Our effort continues and is the only remaining outstanding item. It should not be a basis for delay from OMB unless they are looking for something upon which to hang delay.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: Silver, Jonathan [REDACTED]
Sent: Tuesday, January 26, 2010 7:48 PM
To: jimccrea@[REDACTED]
Subject:

Are we good on the two deals?
J

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

JM_00080040

From: James C McCrea [REDACTED]
Sent: Thursday, September 2, 2010 7:51 PM (GMT)
To: 'boakley@[REDACTED]'
Subject: RE: Reference for Questions to Solyndra

No shit. We did the right thing and did it well. It sure was worth the time to get it right and to avoid any potential political issues. Thanks for thinking of them so that we got a chance to sort it out. Dave and Frances got it from us yesterday

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: boakley [REDACTED]
Sent: Thursday, September 02, 2010 3:46 PM
To: James C McCrea
Subject: FW: Reference for Questions to Solyndra

Note the email chain. I'm glad we spent time on this.

Brian Oakley
Scully Capital

[REDACTED]

From: Tsai, Christopher [REDACTED]
Sent: Thursday, September 02, 2010 3:25 PM
To: Frantz, David; Nwachuku, Frances; Westerheim, Ove; Cho, Martin; Lee, Daniel
Cc: [REDACTED] James C McCrea
Subject: FW: Reference for Questions to Solyndra

Dave / Frances,

Please find attached the list of questions related to Solyndra's Base Case Projections that the team has assembled and will circulate to Solyndra after your review. Our plan was to circulate by COB today if possible.

Could you please advise if you have any additional input or questions to include?

Thanks,
Chris

JM_00068469

From: boakley@[REDACTED]
Sent: Wednesday, September 01, 2010 12:17 PM
To: Kim, Dong
Cc: Lee, Daniel; Westerheim, Ove; thickman@[REDACTED]; Stephens, Scott; Cho, Martin; Tsai, Christopher; James C McCrea; Gheri, Emilio
Subject: FW: Reference for Questions to Solyndra

Dong,

As you may know, there is a lot of focus on the Solyndra transaction from a variety of perspectives (origination / credit regarding Phase II, task force, monitoring, OMB). The attached set of questions, which are largely technical, have been developed collaboratively based on a review of Solyndra's quarterly update as required under the loan documents. Separately, I understand the Beck is looking at these issues as part of the Phase II diligence.

Could you have a look? Ultimately, this list will go to Frances and Dave before going to Solyndra.

Thanks,
Brian

Brian Oakley
Scully Capital



From: Cho, Martin [REDACTED]
Sent: Tuesday, August 31, 2010 9:47 PM
To: boakley@[REDACTED]
Cc: Lee, Daniel; Tsai, Christopher
Subject: Re: Reference for Questions to Solyndra

Brian, I am out of the office tomorrow and Chris and Daniel will be at MoFo for all day negotiations on our other deal. Please forward the questions to Dong, Scott Stephens, and Tom Hickman for comment, review and possible submittal to Solyndra.

Martin H. Cho
U.S. Department of Energy

From: boakley@[REDACTED]
To: Cho, Martin; [REDACTED]@gmail.com; Westerheim, Ove
Cc: Lee, Daniel; Tsai, Christopher; Gheri, Emilio
Sent: Tue Aug 31 18:55:55 2010
Subject: RE: Reference for Questions to Solyndra

Yes. I think it would be good to circulate with Dong's group. Once done, I think we should submit to Solyndra and get their story. The IE work being conducted can help verify their statements and assumptions.

Brian Oakley
Scully Capital

JM_00068470



From: Cho, Martin [REDACTED]
Sent: Tuesday, August 31, 2010 5:54 PM
To: [REDACTED]@gmail.com'; boakley@[REDACTED] Westerheim, Ove
Cc: Lee, Daniel; Tsai, Christopher; Gheri, Emilio
Subject: Re: Reference for Questions to Solyndra

Brian, should we go ahead and circulate these to our engineers? Or, is that a separate list of questions?
Martin H. Cho
U.S. Department of Energy

From: Stephen Shulman [REDACTED]
To: boakley@[REDACTED]
Cc: Lee, Daniel; Cho, Martin; Tsai, Christopher; Gheri, Emilio
Sent: Tue Aug 31 16:01:14 2010
Subject: Re: Reference for Questions to Solyndra

These are questions we will address in our Phase 2 due diligence, but I have not seen any backup (other than company projections) to support these assumptions. As we discussed, the IE has been tasked with looking into these, but I don't believe we have seen anything from them yet.

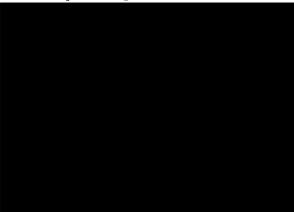
On Tue, Aug 31, 2010 at 3:06 PM, boakley@[REDACTED] wrote:
All,

Please see Solyndra questions attached.

Steve & Emilio, if you have seen answers to these based on Phase II, please let us know. If not, I suggest the next step would be to have someone from Dong's group take a look.

Thanks,
Brian

Brian Oakley
Scully Capital



From: Lee, Daniel [REDACTED]
Sent: Tuesday, August 31, 2010 9:22 AM
To: boakley@[REDACTED]

JM_00068471

Cc: Cho, Martin; Tsai, Christopher
Subject: RE: Reference for Questions to Solyndra

Thanks Brian. That's correct. They were answered by Solyndra and I believe they were not yet sent to OMB.

Daniel J. Lee
U.S. Department of Energy
Tel: [REDACTED]

From: boakley@[REDACTED]
Sent: Tuesday, August 31, 2010 9:18 AM

To: Lee, Daniel
Cc: Cho, Martin; Tsai, Christopher
Subject: RE: Reference for Questions to Solyndra

Daniel,
I'll have them to you shortly. I assume the last set of questions (the OMB responses) did not go to OMB. Also, these came from Solyndra. Is that right? I'm going to include some follow-ups.
Thanks,
Brian

Brian Oakley
Scully Capital
[REDACTED]

From: Lee, Daniel [REDACTED]
Sent: Tuesday, August 31, 2010 9:04 AM
To: Lee, Daniel; boakley@[REDACTED]
Cc: Cho, Martin; Tsai, Christopher
Subject: RE: Reference for Questions to Solyndra

Hello Brian,

We just wanted to follow-up on the Solyndra questions. The team wanted to circulate and review the questions internally prior to sending them to Solyndra on Thursday. Please let us know if you have any questions. Thank you again for your help in this regard.

Best,
Daniel

Daniel J. Lee
U.S. Department of Energy
Tel: [REDACTED]

From: Lee, Daniel
Sent: Friday, August 27, 2010 5:14 PM

JM_00068472

To: Brian Oakley [REDACTED]
Cc: Cho, Martin; Tsai, Christopher
Subject: Reference for Questions to Solyndra

Hello Brian,

It was a pleasure meeting you today. Attached are Steve Schulman's comments to OMB's questions and some additional questions we prepared here on our end. You may find this helpful in creating your list of questions for Solyndra. As per our meeting, we plan to e-mail a circulated list of questions to Solyndra by Thursday (9/2). Please let us know if you have any questions for us in the meantime.

Best regards,
Daniel

Daniel J. Lee
U.S. Department of Energy
Tel: [REDACTED]

JM_00068473

From: James C McCrea [REDACTED]
Sent: Wednesday, May 12, 2010 3:31 PM (GMT)
To: 'McCrea, Jim' [REDACTED]
Subject: FW: additional clarification needed on Kahuku -- please respond asap
Attach: 030509 Updated LGPO Credit Policies and Procedures Manual Final CSC.pdf

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: James C McCrea [REDACTED]
Sent: Monday, May 10, 2010 9:27 PM
To: 'Fridell, Monique'; 'Sandra Claghorn '
Cc: 'Heimert, Kimberly'
Subject: RE: additional clarification needed on Kahuku -- please respond asap

I am not sure why this is such an issue. Let me start back at the beginning in an effort to be clear once and for all.

First, with respect to the 30 day requirement of the Final Rule, First Wind should not expect to close the transaction sooner than 30 days after the delivery by Fitch to DOE of the credit assessment which is based upon at least the appropriate loan docs. Until I talked with Dave Frantz on the topic today, I did not know how thoroughly this ground had been plowed on the Solyndra transaction nor how strongly both OMB and Treasury feel on this point.. See Dave if you need clarification but it sounds to me like the prospect for relief on the 30 day rule is not very high. The other thing that everyone needs to understand is all that has to go on in order to put the transaction into the Federal accounting system which requires collaboration among OMB, Treasury, and parts of DOE with which you do not normally interact. To be clear, one of the reasons this is so carefully handled is that there are severe penalties for a violation of the Anti-deficiency Act including jail time. Mistakes are a really, really big deal. The Loan Programs has already had 1 near miss when a loan agreement was signed with a \$1,000 error in it. The process of unwinding that error was intense and involved all sorts of high level people in several agencies. The commercial world has a much simpler task in dealing with errors like that as it does not have to deal with Anti-deficiency Act violations.

As previously pointed out, it will take Credit a couple of days to get the package together upon receipt of the Fitch credit assessment as we have to prepare some comparisons per the agreement.

Now, for guidance on what the credit assessment has to be based on, let's start with the DOE LGPO Policies and Procedures, March 5, 2009. This document has been approved by CRB, discussed at length with other agencies including OMB, Treasury, KPMG (DOE's auditor), OMB and the Hill. Therefore, when in doubt, it is useful to refer back to it. The task that we are debating is how we determine the final credit subsidy cost. Well, as it turns out, Chapter VII titled "Documentation and Closing" very conveniently has a section VII.4 titled "Determine the Final Credit Subsidy Cost" which I have attached so that you don't have to dig out your manuals. I have highlighted in yellow a number of relevant passages which I include below:

- The final credit rating shall reflect the final terms and conditions of the Loan Guarantee Agreement and its associated financing documents.
- This procedure will be undertaken just prior to closing of the Loan Guarantee Agreement. At this time, project documents will have been finalized. As a result, the Rating Agencies will have sufficient information to provide a final credit rating for the project. This rating, which is an essential input for final

JM_00077895

Credit Subsidy Cost determination represents a gating factor for closing of the Loan Guarantee Agreement.

- Upon substantial completion of the negotiation activities and project documentation process, a final credit rating should be requested from the Applicant.

I think that these excerpts give pretty good guidance. It is the last excerpt that I have been using as the basis for my argument that "near final" docs are sufficient. Now, what does that mean for the First Wind docs that have to be reviewed by Fitch to provide a credit assessment that can be used to determine the "final credit subsidy cost?" Well, I have not been through the DOE financing docs in great detail but from my understanding it should include, at a minimum, the following:

- Common Agreement
- Collateral Agency Agreement
- Note

My reasoning is that the Common Agreement includes a lot of what would be in a loan agreement elsewhere. However, it is missing some rather fundamental pieces which are contained in the other docs listed. You absolutely have to give the rating agency the document which contains the cash flow waterfall and the document that contains the amortization schedule. Could someone argue that the LGPO Policies and Procedures requires all documents to be final? Yes they could but I would argue that a review of the 3 listed would constitute "substantial completion of the negotiation activities and project documentation process" unless there is something that I am not understanding about our docs.

Let me speak for a moment to Monique's question of what Fitch is comfortable with. That is an extremely dangerous definition upon which to base your approach to the issue since Fitch merely issues a point in time rating. A rating issued after a review of the Common Agreement only is just that. It is not a rating of "the final terms and conditions of the Loan Guarantee Agreement and its associated financing documents" and as such, a rating on that basis does not meet the requirements of the LGPO Policies and Procedures. Here is the problem taken to its absurd extreme just to make a point and not to suggest that you would do this. Suppose Fitch issues a BB+ rating on a transaction based on a review of the common agreement but has not reviewed the Collateral Security Agreement or the Note. An unscrupulous deal team (again, not you guys!!!) perhaps even acting in concert with an unscrupulous credit group (not us guys!!!) and note, I have the unscrupulous lawyer on the deal team (and that most certainly is not esteemed counsel!!!) could negotiate the final two docs and put the equity higher than the debt in the waterfall and make the note into a bullet. Not a realistic outcome but I suspect that OMB thinks that it is more likely than I do!!!

I hope that this puts things in perspective and helps to explain what we all must do to be in compliance with the Final Rule and to be consistent with the DOE LGPO Policies and Procedures which, given that they have been approved by the CRB, must be complied with. OMB and Treasury, along with KPMG, GAO and others will all judge us by our compliance with both. I know that the process is frustrating for First Wind. However, neither the Final Rule nor the Credit Policies and Procedures have changed in some time. The deal will close when it is time. Credit will do everything that it can to speed the process but we do not have the ability, on our own, to ignore or modify either the Final Rule or the Policies and Procedures. At some point, when the transaction is closer to closing, there may come a time when it may be appropriate to work through Jonathan to collapse timetables a bit.

Let me know if you have further questions.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Fridell, Monique [REDACTED]

JM_00077896

Sent: Monday, May 10, 2010 5:51 PM
To: 'James C McCrea'; 'Sandra Claghorn '
Cc: Heimert, Kimberly
Subject: additional clarification needed on Kahuku -- please respond asap

Credit colleagues:

FW had two subsequent questions:

1) If Fitch reviews Common Agreement and is satisfied, and changes line in rating letter stating that it has reviewed final financing document and Fitch is comfortable with issuing its letter on basis of only Common Agreement, are you comfortable with this or does DOE require that Fitch specifically 1) review and/or 2) acknowledge in letter having read other final versions of financing documents such as Sponsor Guaranty, Collateral/Agency Agreement, Note, etc.?

2) Does DOE Credit Policy have any other issues with Fitch letter? If so FW has proposed that we arrange a call with Sandy for tomorrow Tuesday to discuss other changes needed by DOE sooner rather than later. Sandy, can you please let me know when you can be available on Tuesday so I can ask FW to arrange a call in number? I am open most of the day.

Please let us know.

Monique

JM_00077897

From: James C McCrea [REDACTED]
Sent: Thursday, April 29, 2010 8:13 PM (GMT)
To: 'Sandra Claghorn' [REDACTED]; 'Heimert Kimberly'
[REDACTED]
Cc: [REDACTED]
Subject: RE: Draft response to OMB on Transaction Changes Between Final Credit Assessment and Closing

Sandy --

Another crack at it by you would be much appreciated. Call me if you need me. Thanks.

Jim

James C. McCrea

-----Original Message-----

From: Sandra Claghorn [REDACTED]
Sent: Thursday, April 29, 2010 3:38 PM
To: Heimert Kimberly; Jim C McCrea
Cc: Monique.Fridell [REDACTED]
Subject: Re: Draft response to OMB on Transaction Changes Between Final Credit Assessment and Closing

Kimberly-

On your point #2, just to clarify the statement here is about the principal amort on the note...nothing to do with mandatory prepayments. The note amort (i.e. The step up to \$1.9MM won't change unless the note amount changes.

Otherwise, let me take another crack at this with your comments.

S

Sent from my Verizon Wireless BlackBerry

-----Original Message-----

From: Heimert Kimberly [REDACTED]
Date: Thu, 29 Apr 2010 18:38:24
To: <jimmccrea@[REDACTED]>; [REDACTED]
Cc: [REDACTED]
Subject: RE: Draft response to OMB on Transaction Changes Between Final Credit Assessment and Closing

Three thoughts..

- 1) I would not include even a list of examples of the types of things that are open to negotiation. There is a big area between term sheet items and notice provisions/forms of opinions/etc. that may change. I do not want to discuss any of those, unless they have a material impact on the credit of the deal.
- 2) I'm not sure that we are certain that the amortization schedule will not change. Although I hope and believe that to be the case, FFB is working to figure out how to deal with prepayments as a mechanical matter, and it seems to be a difficult process for them. We could move forward with the statement below and use it as another argument that FFB needs to figure out how to make it work mechanically.
- 3) I would change the bold sentence below to read as follows: If, for any reason, terms of the documents change in any way that would impact the rating, or result in the legal documents being non-compliant with the Final Term Sheet, DOE policies require that the deal will be re-reviewed before closing.

JM_00078809

Kimberly

Kimberly Heimert
U.S. Department of Energy
Office of the Loan Guarantee Program

From: James C McCrea [REDACTED]
Sent: Thursday, April 29, 2010 1:01 PM
To: Heimert, Kimberly; Fridell, Monique; Sandy Claghorn
Subject: Draft response to OMB on Transaction Changes Between Final Credit Assessment and Closing

Sandy has prepared the following draft as I got swamped and she bailed me out. I have reviewed it and think that it is responsive to Kelly's question. I made a couple of changes which I have highlighted in yellow just so Sandy can find them. Comments are requested. I would like to send this out by the end of the day. As an FYI, for those that have not seen recent e-mails to OMB, the Dep Sec and the WH (Browner, Aldy, Farrell & Zichal) as well as OMB from the Acting Dep Director (Licbman) down will be copied. Read and comment with the distribution in mind.

DRAFT

Kelly & Fouad:

As we discussed, DOE will receive a "Final Private Sector credit rating" from Fitch on the First Wind-Kahuku transaction at least 30 days prior to closing. Delivery of this report is in compliance with the Final Rule and will be included in the OMB closing package that will start the 28-day review period. During the period between issuance of the final credit assessment and closing of the transaction, the transaction documents will be finalized. You have requested a list/description of the types of things that might change during this period. A brief description is provided below:

Deal terms that are NOT open to negotiation:

- * All terms and conditions contained in the Final Term Sheet.
- * Amortization schedule for calculation of the credit subsidy.
- * Please note that the amortization schedule outlined in the project model may change based on the expected amount of the ITC Cash Grant (as further described below). Sandy - need to do something with this since what you had below is not part of this.

Examples of deal terms that may be open to negotiation:

- * Notice provisions
- * Financial reporting requirements
- * Form of legal opinions
- * Creation of schedules to the legal documents

Please note that the list above is not exhaustive, but is indicative of the types of negotiations that will likely continue through the closing review period. If, for any reason, terms of the documents change in any way that would impact the rating, or result in the legal documents being non-compliant with the Final Term Sheet, DOE policies require that the closing process will be stopped and the deal will be re-reviewed.

We trust that this explanation answers your question.

Jim

James C. McCrea

JM_00078810



From: James C McCrea [REDACTED]
Sent: Thursday, July 22, 2010 1:52 AM (GMT)
To: 'Heimert, Kimberly' [REDACTED]
Subject: RE:

Completely understand. This is also one where if necessary, CRB could take an electronic vote to allow us to move CPs as necessary. The real key would be if the other side is far enough along and above all else, whether OMB and Treasury would play nice. Like I said, it would be a heavy effort. Would not know for sure til really late and everything would have to break our way. If it was Fri rather than Weds, that would be better and Mon/Tues of the following week would be much more doable. They really just cut it way too close to have a lot of assurance this time.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Heimert, Kimberly [REDACTED]
Sent: Wednesday, July 21, 2010 9:15 PM
To: 'jimmccrea@[REDACTED]'
Subject: Re:

Can't move CPs to funding that the conditional commitment said were CPs to close without going back to crb.

Reality is that if we got the omb number tomorrow evening, we could get the action memo signed Friday. Omb could approve apportionment request Monday. Budget entries on Tuesday. Close on Wed. However, I'm not going down that path unless I'm told by counsel that the CPs are done and docs totally final by Friday. Very doubtful.

----- Original Message -----

From: jimmccrea@[REDACTED]
To: Heimert, Kimberly
Sent: Wed Jul 21 21:02:32 2010
Subject: Re:

Are there and that can also be moved to CP to funding? Would think you would also need to pull in someone like Sven to help.

-----Original Message-----

From: Kimberly Heimert
To: Jonathan Silver
To: 'jimmccrea@[REDACTED]'
Subject: Re:
Sent: Jul 21, 2010 8:58 PM

Have to check with counsel re CPs, but I doubt it. But will check.

----- Original Message -----

From: Silver, Jonathan
To: Heimert, Kimberly; 'jimmccrea@[REDACTED]'
Sent: Wed Jul 21 20:56:24 2010
Subject:

How quickly could we get beacon done if the pres wanted to announce it in ny next weds. Assume omb and everyone cooperated fully.
Any chance?

JM_00071491

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

████████████████████
Sent via BlackBerry by AT&T

From: Silver, Jonathan [REDACTED]
Sent: Saturday, May 22, 2010 9:51 PM (GMT)
To: 'jimccrea@[REDACTED]'
Subject: Re:

Is that a problem? The calendar I sent him was the one we agreed to yesterday. Are you saying now that that's not optimal.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy
[REDACTED]

----- Original Message -----

From: James C McCrea [REDACTED]
To: Silver, Jonathan
Sent: Sat May 22 17:25:24 2010
Subject: RE:

The bulk of the materials on the geothermals went over on Fri May 14. That was everything but the actual Credit Subsidy Cost files that went over on Monday or Tuesday as I recall. However, the rest of it (which went over on the 14th) is what they need to spin up on the deal -- IE report, market report, credit paper, model, term sheet, presentation, risk rating, recovery rating etc.). We did brief on Wed. 5/19.

I have been trying to hold the Origination teams to 2 weeks between Credit Committee and CRB but will have to lengthen that by a week if there is an agreement with OMB/Treasury.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]

-----Original Message-----

From: Silver, Jonathan [REDACTED]
Sent: Saturday, May 22, 2010 4:57 PM
To: 'jimccrea@[REDACTED]'
Subject: Fw:

Jim,
What's the answer to Jeff's question?

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy
[REDACTED]

----- Original Message -----

From: Liebman, Jeffrey B. [REDACTED]
To: Silver, Jonathan
Sent: Sat May 22 16:12:39 2010
Subject: Re:

JM_00224134

Am I correct that the materials for the geo deals came over 8 days ago, and we were briefed on them 3 days ago?

----- Original Message -----

From: Silver, Jonathan [REDACTED]
To: Liebman, Jeffrey B.
Sent: Sat May 22 15:57:37 2010
Subject: Re:

Sounds good. I'll call you tomorrow, but reminder that we have a crb for all three deals (including the 2 geo deals) on thurs and we need to figure out how to get your examiner work as complete as possible before then. Chu is very focused on meeting the commitments to the leadership.

Getting the calendar squared away will be great. What we have to agree to there is how we handle missed deadlines. Seems to me if your guys miss a deadline, its like they approved. If my guys miss a deadline, we should provide you with more time. Let's discuss. What's the best time for you tomorrow?

J

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy
[REDACTED]

----- Original Message -----

From: Liebman, Jeffrey B. [REDACTED]
To: Silver, Jonathan
Sent: Sat May 22 15:07:43 2010
Subject: Re:

A Chu-Orszag-Browner meeting on Wed or Thurs sounds good. At the very least we should resolve Abengoa and manufacturing solicitation. I will see if my team thinks we are ready to resolve the more recent two.

Our folks are looking at your timeline. I think we will be able to reach agreement on this early in the week.

My home number is [REDACTED] if you want to talk today or tomorrow.

Jeff

----- Original Message -----

From: Silver, Jonathan [REDACTED]
To: Liebman, Jeffrey B.
Sent: Sat May 22 09:02:26 2010
Subject:

Ok, here is what I propose we set as the review calendar. I look forward to discussing.

Day 0
DOE distributes approval materials to OMB/Treasury/FFB

Day 3
DOE briefs OMB/Treasury/FFB

Day 6
OMB/Treasury/FFB send consolidated list of questions

Day 9
DOE responds to questions

Day 12
OMB provides credit subsidy cost and rationale

Day 15

JM_00224135

Staff level discussions on credit subsidy cost

Day 18

Management settles CSC is no staff level agreement

Day 19

DOE provides revised Credit Subsidy Cost files and transmittal language to OMB

Day 20

OMB approves credit subsidy cost and transmittal; Treasury confirms consultation

Day 21

Credit Review Board meets on transaction

Discussion and resolution of policy issues runs concurrently.

If we keep to something like this, we might get there. None of what we do works like this now.

Jonathan Silver

Executive Director

Loan Programs

U.S. Department of Energy



From: McCrea, Jim [REDACTED]
Sent: Thursday, September 23, 2010 11:05 PM (GMT)
To: jimccrea@[REDACTED]
Subject: FW: Shepherds Flat

From: [REDACTED]@do.treas.gov [REDACTED]
Sent: Thursday, September 23, 2010 7:04:34 PM
To: McCrea, Jim
Cc: Frantz, David
Subject: Re: Shepherds Flat
Auto forwarded by a Rule

You have this news before I do.

----- Original Message -----

From: McCrea, Jim [REDACTED]
To: Burner, Gary
Cc: Frantz, David [REDACTED]
Sent: Thu Sep 23 19:02:51 2010
Subject: Shepherds Flat

Gary --

I hear via Jonathan via the WH that we will be receiving Shepherds Flats questions this evening. I just wanted to make sure that I am on the distribution list for them when you guys push SEND. I have the team standing by to start response preparation as soon as they arrive.

Thanks.

Jim

James C. McCrea
Senior Credit Advisor
Loan Programs
U.S. Department of Energy
jim.mccrea@hq.doe.gov
(203) 247-2791

JM_00178856

From: Silver, Jonathan [REDACTED]
Sent: Wednesday, October 13, 2010 1:09 AM (GMT)
To: 'jimmccrea@[REDACTED]'
Subject: Re: Unistar

My point is they hate email trails. We can accomplish the same outcome with a verbal request and an artfully written cover note to the package. This just pisses them off.
Done. Forget it. Just for future reference.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

----- Original Message -----

From: jimmccrea@[REDACTED]
To: Silver, Jonathan
Sent: Tue Oct 12 20:35:51 2010
Subject: Re: Unistar

I took a different approach of making them tell us what the number is. That makes it their number rather than ours which it is. They probably won't be any happier with my request for confirmation than they would be with a request for their cash flows. However, if you still feel strongly, when they confirm, we can still ask for their cash flows. However, I would much rather they own the number and be the entity that has to explain it. We can't explain what we do not know.

Jim

-----Original Message-----

From: McCrea, Jim [REDACTED]
To: jimmccrea@[REDACTED]
Subject: FW: Unistar
Sent: Oct 12, 2010 8:10 PM

From: Silver, Jonathan
Sent: Tuesday, October 12, 2010 8:10:30 PM
To: McCrea, Jim
Subject: Re: Unistar
Auto forwarded by a Rule

Wrong message.
I would have called on phone and asked for their back up.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

----- Original Message -----

From: McCrea, Jim
To: 'Colyar, Kelly T.' [REDACTED]; 'boakley@[REDACTED]'; [REDACTED]
Cc: Saad, Fouad P. [REDACTED]; [REDACTED]; [REDACTED]; Fridell, Monique; Frantz, David; Silver, Jonathan
Sent: Tue Oct 12 20:00:41 2010
Subject: RE: Unistar

JM_00171263

Kelly --

Per your request, DOE is transmitting the UniStar final cash flows that support the 50% PPA/completion guarantee alternative which results in a credit subsidy cost of 6.42%. These cash flows do not take into account the proposed additional \$300MM of cash collateral. We understand that the credit subsidy cost after giving consideration of the cash collateral is 4.9%. Please confirm.

If you have any questions, let us know.

Jim

James C. McCrea
Senior Credit Advisor
Loan Programs
U.S. Department of Energy
[REDACTED]

-----Original Message-----

From: Colyar, Kelly T. [REDACTED]
Sent: Tuesday, October 12, 2010 6:57 PM
To: McCrea, Jim; 'boakley' [REDACTED]
Cc: Saad, Fouad P.
Subject: Unistar

Per our conversation earlier, could DOE send the final cashflows representing the additions of the 50% PPA and completion guarantee?

Please let me know if you have any questions. I am available by phone to discuss later this evening.

Sent via BlackBerry by AT&T

JM_00171264

From: McCrea, Jim [REDACTED]
Sent: Thursday, April 29, 2010 1:59 PM (GMT)
To: 'jimmccrea@[REDACTED]'
Subject: FW: OMB Gate 1 Proposal

Jim

James C. McCrea
Senior Credit Advisor
Loan Programs
U.S. Department of Energy
jim.mccrea@hq.doe.gov
(203) 247-2791

From: McCrea, Jim
Sent: Thursday, April 29, 2010 9:59 AM
To: Silver, Jonathan
Cc: Frantz, David; brian oakley [REDACTED]
Subject: OMB Gate 1 Proposal

Jonathan --

I thought a good bit overnight about the OMB Gate 1 proposal and the more I thought about it, the more puzzled I became. I did not know that we had any Gate 1 problem other than an inability to push the Gate 1's through OMB. Further, this morning I discussed Gate 1's with Dave Frantz who concurs with my analysis and conclusions. I also talked with Brian Oakley who indicates that there are a couple of technical problems in the Gate 1 process that can lead to strange results. The net result is that I think that there is something of a communications failure in that we don't really know what problems OMB is attempting to solve although their review of UniStar and Tenaska may have caused OMB to focus on the technical problems that Brian has observed. Also, for the record, I believe that here have only been two Gate 1 estimates put into the approved Gate process - UniStar and Tenaska.

Policy Overview:

The Gate process was the subject of intense and high level discussions between OMB and DOE. I believe that impasses between DOE and OMB such as the standard recovery estimate, were ultimately resolved by extremely high level WH involvement. As a result, since this is a highly negotiated and codified process, changes ought to be made extremely carefully to avoid unexpected results. Further, since the intent was a broader range at the first gate which would narrow as the transaction moved to closing while ensuring that the range was broad enough to encompass the closing credit subsidy, the Gate process is interconnected so changing Gate 1 could result in issues later in the process.

The Gate 1 process is designed to use NO DOE judgement as it is intended to allow an applicant to receive a Gate 1 range estimate shortly after the application is submitted and before DOE has done any analysis. The only inputs to the Gate 1 range are the amortization schedule submitted by the applicant and the ratings in the credit assessment prepared by the rating agency. Put all that into the model, turn the crank and out comes the result. We submit all of that to OMB, along with the paragraph communication the result to the applicant. OMB's role is to approve that package and to allow us to release the letter to the applicant.

JM_00232301

Finally, the Gate 1 process should allow OMB to identify, at an early stage, any policy issues that might be apparent from a review of the credit assessment which would help prevent policy surprises later in the transaction. The opportunity for OMB identification of policy issues is important and should not be eliminated. This process is sufficiently important that we probably should send the credit assessments on all transactions (whether we are seeking a Gate 1 estimate or not) over to OMB with a request that they let us know if they see any policy issues.

Technical Issues:

Brian has identified several disconnects in the Gate 1 process. First, it relies on the recovery estimates in the rating agency credit assessments which are generally significantly higher than our recoveries which start at 55% and which are difficult to notch thereby underestimating the likely credit subsidy cost. Secondly, the amortization schedules in the application may not match the amortizations upon which the rating agency credit assessments were based. Brian suspects that these issues may have surfaced for OMB in its review of the UniStar and Tenaska Gate 1 estimates. However, at the staff level, we have only heard of two issues that arose in the OMB Gate 1 review - the FFB spread and their issue with the default probability curves. Both of these issues have been resolved. Therefore, we do not know the basis for the OMB proposal.

Conclusions:

- There are benefits to the process being purely mechanical, without the application of DOE judgement, and communicated in writing to the applicant as follows:
 - We don't know enough when the Gate 1 estimate is prepared immediately upon application to be able to exercise judgement and we are, as a result, protected by the process from accusations that we exercised judgement inappropriately.
 - The mechanical process theoretically allows a rapid turn around thereby promptly giving the applicant the information that it needs to make an informed economic decision about proceeding and incurring additional expenses.
 - Communication in writing properly documents this important communication with the applicant and avoids the possibility of miscommunication. It also standardizes communication across applications and prevents shading of the communication that might result from a discussion during an oral communication.
- If the technical issues Brian has raised are behind the OMB proposal, there appear to be relatively easy solutions that could be used to avoid such issues.

Recommendations:

- The OMB proposal to change the Gate 1 process should be declined as we do not know what problem it is attempting to solve and changes to the heavily negotiated process should be made carefully and with considerable thought by both agencies so as to preserve the benefits and protections of the current process.
- You and Jeff should both direct that there be staff level discussions on the issue with full communication in both directions and that the staffs should develop a joint recommendation to you and Jeff as to any recommended changes.

Jim

James C. McCrea
Senior Credit Advisor
Loan Programs
U.S. Department of Energy

JM_00232302

From: James C McCrea [REDACTED]
Sent: Tuesday, October 5, 2010 3:13 AM (GMT)
To: 'Paul Barbian' [REDACTED]
Subject: RE: J Silver call

Paul –

Nothing going on with UniStar that directly affects STP 3&4. Waiting to see where discussions end up between the Administration and UniStar.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Paul Barbian [REDACTED]
Sent: Monday, October 04, 2010 5:37 PM
To: 'James C McCrea'
Subject: J Silver call

Jim:

Did the call take place, and I just missed it, or is it delayed.

Paul

JM_00065956

From: James C McCrea <[REDACTED]>
Sent: Thursday, June 17, 2010 2:40 PM (GMT)
To: 'Heimert, Kimberly' <[REDACTED]@hq.doe.gov>
Subject: RE: Karine - Peter O'Rourke

At your convenience. I am around this morning but headed to Treasury/FFB just before 1 for a UniStar briefing.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

-----Original Message-----

From: Heimert, Kimberly [mailto:[REDACTED]@hq.doe.gov]
Sent: Thursday, June 17, 2010 9:19 AM
To: 'James C McCrea'
Subject: RE: Karine - Peter O'Rourke

Jim:

I certainly defer to you completely on staffing... And understand your concern.

When you have a few minutes, however, I would like to chat with you (in private) about the situation, though.

Thanks,
Kimberly

Kimberly Heimert
U.S. Department of Energy
Office of the Loan Guarantee Program

[REDACTED]

-----Original Message-----

From: James C McCrea [mailto:[REDACTED]]
Sent: Thursday, June 17, 2010 6:26 AM
To: Heimert, Kimberly
Subject: RE: Karine - Peter O'Rourke

Kimberly --

Now that I am not on a Blackberry, let me be a bit more responsive.

Karine is doing a fantastic job. The problem is that I have three people in Credit who have not been here long enough to completely internalize the nature of the issues we face in the approval process -- Karine, Julie Stewart and John Ravis. As a result, I am not ready to have any of them be the lead for Credit on a transaction. There is so much about what we do that is, as you know, so different from the outside world and getting fully socialized is such an important part of bringing someone on board. If we fail to do that, huge issues or sensitivities that will derail a deal will be completely missed. The issue is even worse in supporting Peter. He has the same

JM_00074161

issue himself, further compounded by the fact that he works directly for Jonathan and is under enormous pressure to get USRG done. He has far less sensitivity to the issues we face than do even the Originators on Dave Frantz' staff. On top of being insensitive (and I have no issue with him being insensitive as he has absolutely no reason to be sensitive as he has never seen the approval process here) he is very resistant to things being pointed out to him because they run so counter to what he has seen outside. He is more dismissive than most of the regular Originators and so putting an inexperienced (in our ways) Credit person on with him will result in both of them doing great damage to themselves as issues will surface very late in the process after many people become vested. Roger is actually one of the best in bringing issues to me for advice as to how it will play out in the approval process and for getting a double check from myself or from Brian to be sure that he is perceiving things properly. That is why he is particularly well suited to support and balance Peter, especially given the pressures that Peter is under.

I hope that this further explanation make things a bit more clear and provides perspective. Roger is particularly well suited and I really do not have the senior staff capacity to do otherwise.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



-----Original Message-----

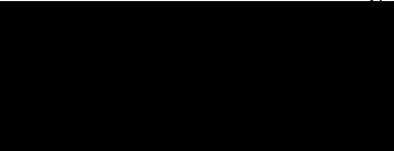
From: Heimert, Kimberly [REDACTED]@hq.doe.gov]
Sent: Wednesday, June 16, 2010 11:58 AM
To: [REDACTED]
Subject: Karine - Peter O'Rourke

Jim:

Sensitive issue.... Peter O'Rourke is fit to be tied in working with Roger. In my view, for some good and not so good reasons.... but definitely a personality mismatch. I noticed in one of Roger's emails to Peter re USRG that he copied Karine. In my view, their personalities would mesh better, but she certainly wouldn't back down on credit issues. Peter has a meeting with Lennar on a potential new structure tomorrow that I will be attending, and he wants a credit person. Do you think it's possible for Karine to participate by phone in that meeting?

Kimberly

Kimberly Heimert
U.S. Department of Energy
Office of the Loan Guarantee Program



From: James C McCrea [REDACTED]
Sent: Saturday, October 9, 2010 3:25 PM (GMT)
To: 'Wright, Morgan' [REDACTED]
Subject: RE: Ashburne
Attach: constellationenergy100810.PDF

Far from over. Been on UniStar all morning. Here is the letter as a PDF. It is a good read.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

-----Original Message-----

From: Wright, Morgan [REDACTED]
Sent: Saturday, October 09, 2010 11:23 AM
To: 'jimmccrea@[REDACTED]'
Subject: Re: Ashburne

Thanks for the note. I saw the article but couldn't access the letter from my phone. I don't think this is all done yet; interesting strategy from the White House.

----- Original Message -----

From: James C McCrea [REDACTED]
To: Wright, Morgan
Sent: Sat Oct 09 09:38:53 2010
Subject: RE: Ashburne

Chugging away at my desk this morning and John is on my list. Will get that done shortly. Sorry I did not get to it yesterday.

BTW, Washington Post has a big story on UniStar and includes a link that gets you to the actual letter that DOE received yesterday!

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

-----Original Message-----

From: McCrea, Jim [REDACTED]
Sent: Saturday, October 09, 2010 9:25 AM
To: jimmccrea@[REDACTED]
Subject: FW: Ashburne

From: Wright, Morgan
Sent: Saturday, October 09, 2010 9:24:51 AM
To: McCrea, Jim

JM_00065915

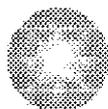
Subject: Ashburne
Auto forwarded by a Rule

Jim - sorry to bother on the weekend. Can you send me an introductory note to John? With the portal I can get him started on about half of the Round 8 part I's without him having to come down here. We can figure out how to work the others early next week.

Thanks - enjoy the holiday.

Morgan

Michael J. Wallnes
Vice Chairman and COO
Chairman, UniStar Nuclear Energy
Chairman, Constellation Energy Nuclear Group



Constellation Energy

October 8, 2010

The Honorable Dan Poneman
Deputy Secretary and Chief Operating Officer
U.S. Department of Energy
Forrestal Building
1000 Independence Avenue, SW
Washington, DC 20585-1000

Dear Deputy Secretary Poneman,

SUBJECT: Calvert Cliffs #3 Loan Guarantee

For the better part of the last year, Constellation Energy and our partner Electricite de France (EDF), through our joint venture, UniStar Nuclear Energy (UNE), have worked with the staff at the Department of Energy's Loan Guarantee Program Office to advance our application and receive a conditional commitment for a loan guarantee for the Calvert Cliffs #3 nuclear plant project under Title XVII of the Energy Policy Act of 2005. However, for the reasons described in more detail below, in light of the significant and ongoing uncertainty created by the Office of Management and Budget's inability to address significant problems with its methodology for determining the project's credit subsidy cost and the unreasonably burdensome conditions a loan guarantee under this approach would require, we regret to inform you that Constellation Energy does not see a timely path to reaching a workable set of terms and conditions that would be economically reasonable and statutorily justifiable. While it may yet be that our partner EDF is able to proceed in the face of such uncertainty, Constellation Energy is unable to do so.

As our discussions got underway in earnest earlier this year, we were very hopeful that the DOE process would produce a workable set of terms and conditions that would enable the project to advance to the next stage. The professionalism and dedication of the program office was first-rate. The staff were very clear about what was needed to ensure appropriate risk-mitigation for the taxpayer and worked with us to craft conditions to meet those needs, providing a foundation for us to work with our partners on an appropriate internal allocation of those risks. As you know, however, as our application went through preliminary credit review during the Summer, we were surprised to be presented with a shockingly high estimate of the credit subsidy cost that we and our partners would have to pay the U.S. Treasury in order to obtain the loan guarantee: 11.6%, or about \$880 million. Such a sum would clearly destroy the project's economics (or the economics of any nuclear project for that matter), and was dramatically out of line with both our own and independent assessments of what the figure should reasonably be.

During the course of our discussions, Constellation Energy and our partners identified a significant problem in the methodology that the OMB requires for the credit cost calculation, a problem that is applicable beyond just our project, and therefore of significant program and policy consequence. Yet, in seeking to explore this further, we encountered significant delay and resistance in being able to even engage on the issue. After finally being able to detail our analysis of the problem and possible solutions to key officials, and after Congress held a hearing exploring the broader problem, we understand the

From: boakley [REDACTED]
Sent: Wednesday, September 22, 2010 8:55 PM (GMT)
To: James C McCrea [REDACTED]; 'Anthony Curcio'
[REDACTED]; John Ravis [REDACTED]; Julie Stewart
[REDACTED]; Karine Khatcherian
[REDACTED]; Paul Barbian [REDACTED];
Renee Sass [REDACTED]; Roger McDaniel
[REDACTED]; Sandy Claghorn [REDACTED];
[REDACTED]@scullycapital.com; 'Robert Bowen' <[REDACTED]>
Subject: RE: Call For Nominations

See article title. Things move fast around here.

http://www.iipower.com/Article/2675293/LS_Power_IV_Snags_DOE_Financing.html

Brian Oakley
Scully Capital



(202) [REDACTED]
(202) [REDACTED]

From: James C McCrea [REDACTED]
Sent: Tuesday, September 21, 2010 10:18 PM
To: 'Anthony Curcio'; boakley [REDACTED]; John Ravis; Julie Stewart; Karine Khatcherian; Paul Barbian; Renee Sass; Roger McDaniel; Sandy Claghorn; [REDACTED]; 'Robert Bowen'
Subject: Call For Nominations

So here is a significant topic for tomorrow's Credit call:

Some of you have heard this but to put us all on the same wavelength, Jonathan came back from a high level WH meeting late this afternoon. There is pressure to get a lot more deals through the shop. OMB says it is not the bottleneck and that we have only given them two deal in the last 58 days or something like that. There also seems to be a greater appetite for risk from the Acting Director. The net result of all of this is that Jonathan wants to send 2 more deals over next week (Shepherds Flat and Baldwin don't count). The intent is to sent them over actually using the FLIP structure. What goes over will go over with abbreviated credit papers of perhaps 30 pages or so. There will be a ton of CPs to closing that will be spelled out. I told JS that I thought it unlikely that deals that had been moving along on a different basis could be redirected on such short notice. He is aware of the difficulties. Nevertheless, there is a call for nominations for candidates for the next 2 deals. One may well be SWIP but I don't have a ready answer for the other one. The whole thing will be the major topic for tomorrow's call.

Oh, inside joke for the IBM 1099ers – since we are to be part time at 80 hours per month per the Work Authorizations that some have received from Aspen, it appears that this will be a wild ride!

Just wanted to give you a heads up so you can do a bit of thinking in the morning before the call while eating your Cheerios or brushing your teeth.

Jim

JM_00179229

James C. McCrea

JAMES McCREA & ASSOCIATES LLC



From: James C McCrea [REDACTED]
Sent: Tuesday, April 27, 2010 7:32 PM (GMT)
To: 'Roger McDaniel' [REDACTED]
Subject: FW: Caithness Wind

FYI. Can we discuss? I am in meetings this afternoon but if you can give me a set of issues that need to be addressed, I would like to get something to Jonathan.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: McCrea, Jim [REDACTED]
Sent: Tuesday, April 27, 2010 3:19 PM
To: jimccrea [REDACTED]
Subject: FW: Caithness Wind

From: Silver, Jonathan
Sent: Tuesday, April 27, 2010 3:18:43 PM
To: McCrea, Jim
Subject: FW: Caithness Wind
Auto forwarded by a Rule
FYI

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy

From: Walsh, Kevin EFS-Stmfd (GE Capital) [REDACTED]
Sent: Tuesday, April 27, 2010 2:55 PM
To: Silver, Jonathan; Schultz, Douglas
Cc: [REDACTED]@caithnessenergy.com
Subject: Caithness Wind

Dear Jonathan and Doug

We have been advised by the White House and other sources that we are likely to get the "green light" this week to move forward with the Shepherds Flat wind project. Assuming that is the case, we would like to understand the remaining tasks and associated timeline required by DOE to complete its review/approval of the project. Les Gelber and I will be in DC tomorrow and would like to stop by any time between noon and 2pm to briefly discuss. If a face-to-face meeting cannot be arranged for tomorrow, we would like to propose a call on Thursday, April 29th at your convenience.

JM_00078981

Regards

Kevin Walsh

GE Energy Financial Services

Kevin P. Walsh

Managing Director and Leader
Power & Renewable Energy



www.geenergyfinancialservices.com

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JM_00078982

From: James C McCrea [REDACTED]
Sent: Wednesday, June 30, 2010 12:12 AM (GMT)
To: 'Renee Sass' [REDACTED], 'Brian Oakley' [REDACTED],
'Steve Shulman' [REDACTED]
Subject: RE: Renee's Comments to Abound follow-up questions (6-25-2010) v5 Assignments and Rev - SAS adds RJS comments

Renee –

Things are simply moving too fast due to timetables being set on the 7th floor and higher. The entire package has already been sent to OMB.

I just got pinged by the Dep. Sec. to see if we had a Treasury response which we do not. Things are being driven by forces above the agencies.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Renee Sass [REDACTED]
Sent: Tuesday, June 29, 2010 7:52 PM
To: Brian Oakley; James C McCrea; Steve Shulman
Subject: Renee's Comments to Abound follow-up questions (6-25-2010) v5 Assignments and Rev - SAS adds RJS comments

i added a few comments (as comments, not blackline)

Renee

JM_00072956

Donovan, Sarah

From: Dennis Duffy [REDACTED]
Sent: Monday, October 08, 2012 12:27 PM
To: Klein, Gary
Subject: FW: White House call

From: Dennis Duffy
Sent: Friday, June 17, 2011 1:18 PM
To: [REDACTED]@state.ma.us
Subject: White House call

Bill,

We had a very encouraging call yesterday with the WH, including David Hayes and Laura Davis of DOI, Heather Zichal, Nat Keohane and Ron Bloom (the Administrations' Senior Counselor for Manufacturing Policy). They told us that they're looking for ways to help get the project financed (including possible action under section 703 and other options.) We responded to several questions as to what is needed in the current financing markets. We mentioned that we are working with Barclays on an updated investment memorandum that should be finalized shortly, and we were asked to go to DC to do a walk thorough of the memo, along with Barclays, as soon as it is ready to better convey how the financing works. Barclays has been our project financial advisor for several years, coordinating efforts to structure and raise the requisite debt and equity. Ted Roosevelt IV has lead the team dating back to days when Lehman was the advising entity.

From: Paul Barbian [REDACTED]
Sent: Thursday, October 1, 2009 6:20 PM (GMT)
To: James C McCrea [REDACTED]
Subject: To remind

Jim:

Here is a list of things we talked about that you said you would provide when you have time (I understand this could be awhile)

Docs from Dick Corrigan about the \$50 million project in Chicago that is of interest to the White House. If Dick gives them to you in hard copy, I'll try to track you down on Friday to retrieve;

Engineers report for Bright Source;

Areva term sheet

List of blogs on politics and energy

Safe travel, Paul

JM_00088453

From: jim McCrea [REDACTED]
Sent: Thursday, October 28, 2010 4:09 AM (GMT)
To: 'Silver, Jonathan' [REDACTED]
Subject: RE:

Baldwin is the tip of the iceberg. If it goes down because it is perceived to be take out financing, Hudson Ranch and a bunch of other transactions will have to be turned down for the same reason or we will be treating applicants unfairly. We need to ID those other transactions tomorrow and start to get ready to convey the bad news. Perhaps you might want to give the WH the pleasure of telling Hudson Ranch that they are not eligible yet again!!!!

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Silver, Jonathan [REDACTED]
Sent: Wednesday, October 27, 2010 10:42 PM
To: 'jimccrea@optonline.net'
Subject: Fw:

Fyi
Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

----- Original Message -----
From: Silver, Jonathan
To: Hurlbut, Brandon
Sent: Wed Oct 27 22:37:22 2010

Rather than complain, a thought.

To do these analyses, we will, and should, share what we are looking for with applicants and sponsors. We will also need to tell them what we think is too high, etc.

It will be interesting to watch what happens when an applicant learns that his irr is too high to qualify. Should make for interesting hill-omb dialogue.

Course, I'm going to be interested to watch what happens when we turn baldwin down. Project is completely eligible and rock solid.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

JM_00064136

From: James C McCrea [REDACTED]
Sent: Tuesday, January 5, 2010 5:47 AM (GMT)
To: 'Sandra Claghorn' [REDACTED]
Subject: RE: First Wind

I felt like throttling her and this is not the first time. She is a first class whiner among other things!!! The real point in letting you know is so that you are alert and can be real cautious in dealing with her. I will try to call. I am in a BrightSource meeting that starts at 8:30 tomorrow and goes for who knows how many hours. 5-6 is not unlikely.

On Weds. we have the ATVM conference room. Also, Team North now has its own space at DOE. We work out of the storage room across from the ATVM conference room across the main public corridor from Kelly's office. First door on the right is file room. Second door, directly across from the entrance to the ATVM conference room is the home of Team North – 3 credenzas, 3 chairs, a fan, a coat rack and a phone as our cell phones generally do not work in the room!!! Oh yeah, we also are the proud owners of 2 power strips.

Also, just to alert you, it is not working for me to replace Kelly. First, Jonathan insists that I be here 5 days a week starting in time for the ATVM staff meeting at 9:15 Monday. That would create tax issues as I would spend so much time here that I would be a tax resident of DC, VA and CT and I would lose deductibility of travel expenses. Further, reimbursement of travel expenses is a big issue. Our workaround was not designed for such a level of expenses coupled with long hours. Everything must fit within the TMS contract with DOE and it does not as currently structured. If I did what Jonathan wants me to do, I would need to be reimbursed more than \$75K for the hit I would take and there is no way to do that within the contract. We are working on another solution where we will leverage that person like we leverage Kelly. Still, I will spend a ton of time here but stay on the correct side of the tax lines. Now we are working to address the reimbursement issue when travel is that heavy. Will try to call you after BrightSource. If we don't chat, enjoy your dinner and see you Weds morning. Feel free to call once you reach the Hilton to coordinate.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Sandra Claghorn [REDACTED]
Sent: Tuesday, January 05, 2010 12:17 AM
To: James C McCrea
Subject: Re: First Wind

Thanks! I'm sure you can tell by the tone of my note that I was perturbed by her comment. I appreciate your words of encouragement because I thought we did a pretty good job too!

I'm on a 3pm Amtrak tomorrow and meeting a friend for dinner tomorrow night. If we don't speak before, perhaps I will see you on the train in Weds morning. We all know we don't need to plan it...I'll just run into you guys in transit! :)

S
Sent from my Verizon Wireless BlackBerry

-----Original Message-----

From: James C McCrea [REDACTED]
Date: Tue, 5 Jan 2010 04:28:22
To: <sandra.claghorn@ [REDACTED]>
Cc: <kelly.colyar@ [REDACTED]>
Subject: RE: First Wind

1024x768 Clean false false false EN-US X-NONE X-NONE MicrosoftInternetExplorer4

Sandy -

JM_00080216

We can chat when you are down here or tomorrow if we can find a time. Regarding why we can't function like a bank, you are absolutely correct but you forgot one point. We had 4 transactions running simultaneously and each of them was a multi-billion dollar loan guarantee. Unless I am mistaken, the smallest was \$1.51B!!!! (Georgia Power, Oglethorpe, MEAG and BrightSource) and all of them were extremely complex. Heck, on the Vogtle transactions, you and the rest of Credit Policy were doing the credit analysis in real time concurrently with the negotiation of the transaction. That is something that banks never do! Plus, all 4 of these multi-billion dollar deals were attracting major political attention from such minor players as the White House and the Senate Majority Leader. That is not generally something that a bank has to deal with either. I look at what got pulled off by CP in December and view it with awe.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Sandra Claghorn [REDACTED]
Sent: Monday, January 04, 2010 5:19 PM
To: Jim McCrea
Cc: Kelly Cofyar
Subject: RE: First Wind

I'm sorry to hear that. Please let me know what I can do to help. As you know, we discussed this deal back in December and it was jointly decided that we should focus on the three Vogtle deals and push First Wind to January. This was communicated to Monique at the time. If she doesn't like that, perhaps she should take it up with Jonathan.

On the other points, yes, the questions are definitely "initial" as I assumed we would go back and forth with additional questions until we have been through all aspects of the deal. Generally, the process is iterative but if she would prefer a more formal approach, I would be happy to hold back questions until I'm completely through the data and send her a completed submission at that time.

Lastly, we cannot function like a bank because:

1. Our role is different than at a bank. In banking, credit review looks at a completed presentation and is not required to review contracts, models or financial statements. Credit review does not prepare its own presentations nor have a concept of credit subsidy.
2. We are not staffed like a credit review team at a bank with layers of junior staff that are set up to address continual deal flow. This was an unusual situation with a landmark deal that needed immediate attention.

I guess the final point is that I feel we were very responsive on Sage - I spoke with her almost daily on that deal. I'm sorry that she's frustrated with us, but unfortunately, I'm afraid she's just going to have to deal with it.

Anyway, these are my two cents. Call me when you come up for air - any time up to 10pm is fine.

S

Sandra Claghorn
TMS Consultant - LGPO
Credit Policy

[REDACTED]

JM_00080217

Date: Mon, 4 Jan 2010 16:35:14 -0500
From: jimccrea [REDACTED]
Subject: RE: First Wind
To: sandra.claghorn [REDACTED]
CC: Kelly.Colyar [REDACTED]

Sandy -

We need to chat. Monique announced in the Origination Meeting this morning that they "finally had questions from Credit Policy after 25 days" and after being advised that Vogtle has been the cause of delay stated that she could not understand why CP could not handle multiple transactions simultaneously like any other bank could. She also emphasized that the questions received were "initial questions" strongly implying that they were our "real" questions but merely a first pass. Lots to talk about. I am tied up for the rest of the day. You can probably find me at some point this evening after dinner but I have no clue when I get out of here today. Then I am back here for an 8AM BrightSource meeting that will run much of Tuesday.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Sandra Claghorn [REDACTED]
Sent: Monday, January 04, 2010 4:09 PM
To: Monique Fridell; john.ashburne [REDACTED]; hai.duong [REDACTED]; kimberly.heimert [REDACTED]
Cc: Kelly Colyar; Varbin Staycov
Subject: First Wind

Hi guys-

Just checking in again to make sure that you got our list of initial questions and to see if you wanted to schedule a time to chat about the deal. I'm open tomorrow until about 2:30pm and will be in DC Weds and Thurs. Varbin, I'm not sure what your availability is the rest of the week but hopefully we can find a time that works for everyone.

One additional question that has come up as we work through the contracts: do you know if there is a structure diagram that shows all the legal entities and how they relate to each other? Specifically, Hawaii Holdings LLC (which also owns the Kaheawa ownership entities), UPC Wind Acquisition V, LLC (counterparty to the TSA), UPC Wind O&M LLC (counterparty to the Turbine O&M Agreement - I assume this is the same as First Wind O&M LLC, counterparty to the O&M Agreement?), and UPC Wind Partners LLC (Guarantor under the TSA).

I'm assuming that the UPC entites are related to First Wind's former name, and that these entites have merged into First Wind entites, just want to make sure we understand the ownership chain.

Thanks again-
Sandy

Sandra Claghorn
TMS Consultant - LGPO
Credit Policy

JM_00080218

From: McCrea, Jim [REDACTED]
Sent: Monday, June 7, 2010 7:03 PM (GMT)
To: jimccrea [REDACTED]
Subject: FW: Hoyer call
Attach: S1 Briefing Call with Hoyer.doc; Talking Points for Call with Majority Leader Hoyer.docx

From: Silver, Jonathan
Sent: Monday, June 07, 2010 3:02:50 PM
To: Frantz, David; Frideli, Monique; McCrea, Jim
Subject: FW: Hoyer call
Auto forwarded by a Rule

Pls review asap with any comments
Any update on constellation's trip to France?

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585
[REDACTED]

-----Original Message-----

From: Levy, Jonathan
Sent: Monday, June 07, 2010 2:57 PM
To: Silver, Jonathan; Hurlbut, Brandon
Cc: Fridell, Monique
Subject: Hoyer call

Jonathan,

The Hoyer call is definitely on for today, most likely at 5:15. Attached are the latest drafts of the TPs and memo. Do we have an update on the France meeting? Is there anything else SI should know for the call? Please review ASAP.

Thanks,

Jonathan Levy
Office of Congressional and Intergovernmental Affairs U.S. Department of Energy [REDACTED]

JM_00213262



Call with Majority Leader Steny Hoyer (D-MD)

TBD

TBD

Meeting requested by Majority Leader Hoyer

Briefing prepared by Jonathan Levy, CI, [REDACTED]

EVENT

Majority Leader Hoyer has asked for a call to follow up on your previous discussion on the Loan Guarantee Program and specifically Constellation/Unistar. He has heard rumors that the date for the CRB is locked for June 17th and wants to confirm that information.

Additionally, this is an opportunity to underscore how important the loan guarantee funding in the supplemental is for our efforts to restart the domestic nuclear industry.

Finally, his staff indicated that he will also be interested in a readout from you on the spill response.

Press: Closed

LOGISTICS (As of this writing, subject to change)

- TBD

YOUR ROLE/CONTRIBUTION

- Update Hoyer on the spill response
- Let him know we are working very hard to complete the Unistar/Constellation deal.
- Communicate that it would be extraordinarily beneficial for our efforts to restart the nuclear industry for DOE to have the additional nuclear loan guarantee authority ASAP.
- Ask when he thinks Congress will finish the supplemental and if he thinks it will get across the finish line with the loan guarantee funds intact.

PROGRAM NOTES

- As you recall, you spoke with Hoyer last week regarding Constellation and indicated we would have the CRB mid-June.
- He has heard that the CRB is scheduled and wants to confirm that rumored date of June 17th. On a staff level, we have indicated that while we are working toward some internal targets, nothing is confirmed.
- As you know, going to CRB before we receive the other nuclear funds would have a strong negative effect on NRG.
- There is pressure on the House side to move the Senate version of the supplemental (which does not include LGP funds) so that the oil spill funds can flow quickly.



- Constellation was just in France having further discussions with their partners, and _____.
- Additionally, there is some dispute about this contractual issue regarding June 30th.
- While we believe there is no contractual requirement for DOE to act by June 30th in order for the deal to proceed, Unistar and EDF need to provide a parent guarantee by then.
- The deal does not collapse without DOE action at a date certain, but the company has conveyed the opposite to Hoyer.
- Below is a brief update from LGP:

Unistar/Constellation Project Update:

- The deal team verbally pre-briefed OMB and Treasury/FFB on the project on Tuesday, June 1 at 4pm.
- The deal team is actively working to prepare, and review with the LGP Credit Policy team, the Credit Package for OMB/Treasury, which will include the following:
 - Term Sheet
 - Financial Model
 - Credit Paper
 - Independent Engineer's Report
 - Market Study Report
 - Risk Rating Matrix
 - Recovery Matrix
 - Power Point Presentation
- Per S-1's request, the Credit Package is expected to be sent to OMB/Treasury/FFB by Friday, June 4.

ATTACHMENTS

1. Bio
2. Talking Points



REPRESENTATIVE STENY H. HOYER (D MD-5)
Telephone Number: (202) 225-4131
Room Number: 1705 Longworth



House: since 1981
Born: June 14, 1939 in Manhattan, New York
Home: Mechanicsville
Education: University of Maryland, B.S. 1963 (political science); Georgetown University, J.D. 1966
Profession: Attorney
Religion: Baptist
Family: Widowed; three children

COMMITTEES: (111th Congress)
Majority Leader

POLITICAL HIGHLIGHTS

Maryland Senate, 1967-1979 (president, 1975-1979); sought Democratic nomination for lieutenant governor, 1978; Maryland Board of Higher Education, 1978-1981.

DOE FACILITIES AND OTHER FUNDS IN REPRESENTATIVE HOYER'S DISTRICT

- ◆ There are no DOE facilities in Representative Hoyer's Congressional District; however, the Department's Germantown offices are in a nearby District.
- ◆ The Department of Energy estimates it will spend nearly \$108.8 million in Maryland in FY 2009, including \$20.0 million for fossil energy research and development and \$19.6 million for science.

MARYLAND ENERGY INFORMATION

Maryland has few energy resources. Minor coal reserves are found in the Appalachian Mountains in western Maryland. Wind power potential is found in the Chesapeake Bay, off the Atlantic Coast, and in the Appalachian Mountains. The Susquehanna River is a potential source of hydroelectric power. Maryland's economy is not energy-intensive, and per capita energy consumption is low.

- ◆ One of five existing U.S. liquefied natural gas (LNG) import facilities is located in Cove Point, Maryland, and expansion planning is underway.
- ◆ Maryland produces small amounts of coal in the Appalachian Mountains in the western part of the State.
- ◆ Maryland requires motor gasoline blended with ethanol across the center of the State, including the Baltimore-Washington metropolitan area.
- ◆ The State's only nuclear plant, the dual-unit Calvert Cliffs facility, supplies all of Maryland's nuclear power and accounts for more than one-fourth of total electricity generation in the State.

From: Alok Mathur [REDACTED]
Sent: Wednesday, March 23, 2011 11:34 PM (GMT)
To: jravis@[REDACTED]
Cc: McCrea, Jim (CONTR) [REDACTED]; James C McCrea
[REDACTED]
Subject: Re: SR Tonopah

John and I have pretty thick skins (a necessary qualification in this business), but I have to agree with John.

Michael has a very arrogant attitude and has accused us of 'wasting his time', not being in touch with the 'market' for this type of financing (I did not know there was a market for 25 year project finance loans with a 37.5 basis spread), charging them fees for evaluating their credit, requiring farcical covenants, and other inflammatory statements. Mostly, we do not react but, on occasion, when he really starts getting emotional and thoroughly obnoxious, John and I have felt compelled to come back.

He treats the DOE with very little respect and seems to behave as if we are the applicant, beseeching him for the privilege of lending to his project, as opposed to the other way around.

He has taken this attitude because nobody (to-date) has told him where to get off and he is convinced that with Harry Reid's backing, he can get Jonathan to agree to anything. So, he keeps threatening the deal team. When he did that again today after berating our failure to understand the market, I told him to go ahead because we had reached a point of diminishing returns.

Alok

On Wed, Mar 23, 2011 at 7:17 PM, jravis@[REDACTED] wrote:
Jim,

Just to let you know, while we were discussing the EPC Contract issues with Solar Reserve, when we reached an impasse, their CFO Michael Whalen, threatened to go scorched earth on the DOE in the press about our uncommercial and unrealistic positions.

Best regards,

John

JOHN G. RAVIS
Scully Capital

[REDACTED]

JM_00282708

From: Schmitzer, David <[REDACTED]@hq.doe.gov>
Sent: Thursday, September 24, 2009 7:05 PM (GMT)
To: James C McCrea <[REDACTED]>
Subject: RE: AREVA Update

excellent

-----Original Message-----

From: James C McCrea | [REDACTED]
Sent: Thursday, September 24, 2009 2:10 PM
To: Colyar, Kelly; 'Brian Oakley'; 'Rence Sass'
Cc: Schmitzer, David; 'Roger McDaniel'; [REDACTED]
Subject: AREVA Update

Kelly, Brian and Renee --

The origination team has discussed our call with Brian and Renee of earlier this week and concluded that we had a good kick off to the CP review of the AREVA transaction. Renee, your questions were excellent and focused on significant issues. We trust that you found, from our responses, that we are focused heavily on those issues as well as they really do get to the heart of the transaction.

Yesterday, we had another lengthy negotiating session with AREVA including outside counsel for both parties. At the end of that session, we are near final agreement on the term sheet. There is one outstanding point which needs to be checked more broadly within AREVA before they can respond. In the meantime, Milbank (DOE's counsel) is turning the term sheet to reflect the current state of negotiations. We have a significant open analytical issue that may ultimately affect the term sheet which is the treatment of tails (depleted uranium) disposal costs. We are awaiting additional information from AREVA on this before we can move ahead with our evaluation. The team does not yet have a complete working version of our credit paper as we are working on several major sections but we will forward a paper to you when it is complete albeit not necessarily finished.

In light of the current status, we (DOE) are all aiming for an October presentation to CC and CRB and AREVA will have the transaction as one of two major issues on the October Board meeting of AREVA, SA. I wanted to alert you to that schedule so that you can place a high priority on analyzing the AREVA transaction. Our modeling effort is well advanced but cannot be completed without the further work on the tails issue referenced above.

When we can provide you with a model, Roger will be available to walk you through it to explain the model and to provide the rationale for the base case and the various scenarios that we are using.

Do you all have the application materials that you need? If not or if you are not sure, give me a call and I can walk through what I have and send to you what you are missing.

Sam Shakir, President & CEO of AREVA Enrichment Services, the Sponsor, asked David again for the Credit Subsidy Cost indicating how critical it is for him to have this number for discussions within AREVA. They are very concerned that they do not have the number and the delay in receiving it from the DOE is increasing their concern that it will be so large as to jeopardize the transaction. I rode to the airport late last night with their counsel and he reiterated AREVA's concern to me. I know that things are tied up in OMB but did want to flag this issue and its importance. It will come up in October and this is a 1703 project

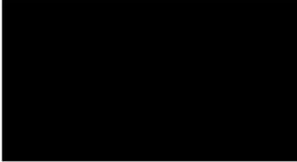
JM_00089521

where the credit subsidy cost is borne by the applicant.

Given the size of this transaction (\$2B of loan guarantee), the political overlay, and recent experience with both CC and OMB, we are making every effort to button this transaction and the credit paper down as tightly as we can. As you review our work, we would appreciate any comments you can provide that will allow us to button it down even more tightly. The last thing we want is to be blindsided at CC or CRB when we could have addressed the issue in advance. Our objective, and it is a daunting one we know given past history, is to make it through CC on the first try and to make sure that you have what you need to support that objective.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



From: Fridell, Monique [REDACTED]@hq.doe.gov>
Sent: Wednesday, March 23, 2011 9:59 PM (GMT)
To: 'jimmccrea@[REDACTED]'
Subject: Re: Tonopah credit issues

I understand

I wouldn't want to proceed if you were not comfortable but I would hope we can find another way to get you there

Today I'm out of ideas

From: jim McCrea [REDACTED]
To: Fridell, Monique
Sent: Wed Mar 23 17:44:47 2011
Subject: RE: Tonopah credit issues

Monique –

The other thing on which I need to be clear is that as a contractor and not a Fed, I don't get to make decisions but rather I only get to make recommendations to the Feds. I expect that there will be a discussion and there is no certainty that my recommendation will prevail.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]

From: Fridell, Monique [REDACTED]
Sent: Wednesday, March 23, 2011 5:36 PM
To: 'jim McCrea'
Subject: RE: Tonopah credit issues

OK

From: jim McCrea [REDACTED]
Sent: Wednesday, March 23, 2011 5:35 PM
To: Fridell, Monique
Subject: RE: Tonopah credit issues

Monique –

Actually, at a time like this, it is imperative that I send this note to the senior Federal team with my recommendation. My recommendation is to kill the transaction.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]

JM_00282716

MT 00282717
[REDACTED]

From: Fridell, Monique [REDACTED]
Sent: Wednesday, March 23, 2011 5:29 PM
To: 'jim McCrea'
Subject: RE: Tonopah credit issues

Jim, I know you feel strongly about this, but I don't see the need to copy people who are not even involved in this transaction. Susan, Dong and Owen have not been involved in our discussions on the EPC subject, and frankly it is really up to you, John and Alok, not those three at this point.

We have been told yesterday and today that the keepwell is not going to be possible. So the bottom line is compromise or kill the deal, and that is really your and Jonathan's call. Personally I would hope we can find some middle ground.

Monique

From: jim McCrea [REDACTED]
Sent: Wednesday, March 23, 2011 5:11 PM
To: Silver, Jonathan; Barwell, Owen; Frantz, David; Richardson, Susan
Cc: Fridell, Monique; Repetti, Ted; Alok Mathur; [REDACTED]; 'Brian Oakley'; Kim, Dong; 'Patrick Thomas'
Subject: RE: Tonopah credit issues

Jonathan *et al.*

As Alok notes below, the applicant is not accepting our request for a keep well relating to the guarantor which is not the ultimate parent. Excerpted from below, what we asked for is:

The parent, Grupo ACS, shall provide a "keep well agreement" that basically provides for the following: (a) Grupo ACS recognizes the guarantee being provided by Industrial Services division for the obligations of CUSA; (b) Grupo ACS agrees not to take any actions that could deteriorate the credit of the Industrial Services division; and (c) Grupo ACS shall undertake all actions within its power to ensure that the net worth of the Industrial Services division does not deteriorate from its present position until the project has achieved the Continuous Performance Test for the Tonopah solar project in the US.

We believe that the ask on the keep well is reasonable since without the keep well on these terms, the EPC contractor parent could take actions that severely weaken or destroy the credit upon which the transaction would be based rendering the credit analysis meaningless. The EPC contractor has a very heavy exposure on this transaction and Credit's strong recommendation has always been an LOC securing the EPC contractor's obligations. However, Solar Reserve has offered an intermediate credit rather than an LOC. Based on review of that credit by the Credit team, we are willing to recommend acceptance of that credit (ACS Servicios Comunicaciones y Energia S.L) but only with a keep well as outlined above. In the absence of a keep well, Credit cannot evaluate the credit and accordingly, would strongly recommend against accepting that credit and equally strongly recommend requiring an LOC to support the significant obligations of the EPC contractor.

While the mechanism for distribution of the 1603 grant proceeds prior to full completion of the project remains to be negotiated upon development of an appropriate test (Issue #2 below), we are extremely concerned about the related party issues on this transaction (Issue #3 below). Solar Reserve has a contract related to the project construction for up to \$430MM plus on-going O&M obligations. Credit remains extremely concerned about the difficulties in determining whether, in this

JM_00282717

case, the Solar reserve contractual arrangements approximate an arm's length and reasonable transaction.

Alok, John and I are available if there are questions.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Alok Mathur [REDACTED]
Sent: Wednesday, March 23, 2011 4:51 PM
To: Jim McCrea
Cc: John Ravis; Brian Oakley
Subject: Re: Tonopah credit issues

Hi Jim:

John and I need to give you a quick 'heads up". This is where we stand after a couple of rounds with Michael Whalen of SR:

1. On the EPC guarantor issue, we made absolutely no progress. SR and their lawyers claim that our request for a "keep well" from the parent is not justified, not market, and simply not deliverable. We have stated that we cannot accept the EPC guarantor without the "keep well". So, there is a standoff. They have told us that they will appeal to Jonathan (and, I suspect, Harry Reid), so you need to be prepared for that.
2. On the distribution of the cash grant and dividends during the CPM period, we told them that our technical team and the IE are looking at the issue to see if these can be released by passing a new test. SR wants to see if they can get the entire cash grant released after the test, but are flexible with regard to a deferral of dividends.
3. On the related party issue, they do not accept a different structure but will agree to full disclosure on costs, profits, etc. They will also look at any reps required by DOE.

We have decided not to release the draft Term Sheet, pending a satisfactory resolution to item 1 above.

You can call John or me, if you have a question or need more details of the interaction (which went on for several hours, in aggregate).

Best regards,

Alok

On Tue, Mar 22, 2011 at 1:40 PM, Alok Mathur [REDACTED] wrote:
Couple of typo's. See corrections in bold.

On Tue, Mar 22, 2011 at 1:33 PM, Alok Mathur [REDACTED] wrote:

Hi Brian:

John and I are facing 3 issues on the Tonopah solar project, for which we need a decision from Credit (prior to releasing a conditional Term Sheet). Here are the issues and the background:

JM_00282718

Issue #1: EPC Credit.

The Project will be built under a fixed-price, turn-key EPC contract from Cobra CSP USA (CUSA), a U.S.-based subsidiary of Cobra Thermosolar S.L. which builds thermosolar projects worldwide and is wholly-owned by Cobra Instalaciones y Servicios S.A. (CIS), which is responsible for industrial construction worldwide. The CUSA unit is being established to construct CSP projects in the US and Tonopah will be its first US project.

CIS has extensive experience in the construction and operation of CSP plants and it is a wholly-owned subsidiary of Cobra Gestion de Infraestructuras S.A. (CGI). CGI, in turn, is the largest operating company within ACS Servicios Comunicaciones y Energia S.L. (Industrial Services division) of Grupo Actividades de Construccion y Servicios S.A. (GACS), the parent company. GACS also has two other operating divisions.

Given the number of layers in the organization, we had required that the obligations of CUSA be guaranteed by the eventual parent, GACS. However, the applicant has informed us that the best they can offer is a guarantee from the Industrial Services division, which is one level below the parent holding level. Maquairie (the financial advisor to the sponsor) has performed an analysis of the Industrial Services division and has concluded that it is a BBB risk. Credit has reviewed this analysis and concurs with the rating.

We propose accepting the guarantee from the Industry Division because the parent has no real activities other than holding the 3 divisions, subject to the following conditions to be specified in the Term Sheet:

1. The financials of ACS Servicios Comunicaciones y Energia S.L shall be acceptable to DOE in its sole direction;
2. The parent, Grupo ACS, shall provide a "keep well agreement" that basically provides for the following: (a) Grupo ACS recognizes the guarantee being provided by Industrial Services division for the obligations of CUSA; (b) Grupo ACS agrees not to take any actions that could deteriorate the credit of the Industrial Services division; and (c) Grupo ACS shall undertake all actions within its power to ensure that the net worth of the Industrial Services division does not deteriorate from its present position until the project has achieved the Continuous Performance Test for the Tonopah solar project in the US.

Jim is aware of the issue and has been briefed, but we have not yet gotten a response from him.

Issue #2: Restricted Payments during the CPM test.

This project has a pretty rigorous Provisional Acceptance test, following which, the contractor must operate the project over a continuous 12-month period at guaranteed levels before passing the Continuous Performance Measurement (CPM) test. The CPM test lasts for up to 36 months because of the 12-months period. However, during the CPM test, the **EPC contractor must** pay operating costs and debt service, to the extent the plant does not generate sufficient revenue.

We have restrictions on the release of the cash grant (and any potential dividends) until the CPM test has been met. Since this may not happen for 36 months after Provisional Acceptance, the sponsor is unable to raise the balance of the equity.

We are working with the IE and the Technical team to design an intermediate test to verify the adequacy of the project and, depending on how well it is met, we would release a portion or all of the cash grant and potential dividends. So, the Term Sheet would state that any release of cash would be contingent on an interim test to be defined later.

Issue #3: Related Parties.

In the project, the sponsor, SolarReserve (SR) has multiple roles, including: sponsor and project developer, equity investor (10-15%), technology licensor (they purchased exclusive rights from Pratt & Whitney Rocketdyne (PWR, a subsidiary of United Technologies), equipment subcontractor (they have a subcontract that could be as large as \$430 million, with a back-to-back from PWR), and on-going maintenance support (also back-to-back with PWR). The latter two structures are because PWR can no longer license or manufacture CSP equipment, unless they go through SR.

We have so far told SR that this structure is not acceptable to DOE (given the recent experience with CVSR). SR has responded that **changes are** not possible and the discussion has been kicked upstairs to the Jim McCrea and Jonathan Silver level.

We suggest that we simply reinforce what we have already told SR. The present subcontract arrangement is not acceptable to DOE and they need to restructure along the following lines: (a) Technology license from SR directly to the EPC Contractor; (b) equipment supply and other services (such as engineering, O&M support, etc.) directly from PWR to the EPC Contractor, on the understanding that their technology license agreement will need to be amended to permit PWR to do this as an exception; and (c) any development services provided by SR (including prior development costs)

to be based on a direct services contract between SR and the Project Company. Right now, we have a structure that resembles scrambled eggs.

Here is what we need:

1. A decision on the above issues; and
2. The deal team has requested a half-hour conference call with Jim McCrea to explain our position and answer any related questions from origination, technical, and legal. We would like you to represent Jim.

Thanks,

Alok

From: James C McCrea [REDACTED]
Sent: Wednesday, May 26, 2010 6:34 AM (GMT)
To: 'Silver, Jonathan' [REDACTED]
Subject: Revised Approach to OMB and Treasury

Jonathan –

It is an ugly situation in which we find ourselves and the program. Part of what makes it so bad is that we are trying unbelievably hard to control that which we cannot control or even influence. I think that you are on to something with your approach to CRB that we discussed today. To date, we have been scheduling the CRB as if it is something that we can control and schedule. We have been trying to work on a 2 week schedule between distribution of approval materials and CRB. That works as long as the 7th floor is ready to proceed with or without OMB and Treasury action which necessitates 1705 transactions. However, it appears that they are less willing to take this approach even with 1705 and if they require OMB/Treasury action, they must then accept that there are only limited steps that we (and they) can take to facilitate or drive OMB and Treasury action. Once you get to that point, then the only logical approach is to let OMB and Treasury schedule CRB rather than trying to schedule it from within DOE. It is elegantly simple and puts the responsibility where it rightly belongs. Our job then becomes one of doing everything that we can to facilitate OMB and Treasury action rather than driving toward a specific CRB schedule. Providing information and analysis is something at which we are particularly good. We should have no real issue keeping off the critical path if we are being responsive to the other two agencies. The distinction is subtle but extremely powerful and it might even take some tension out of the relationship with OMB and Treasury. By having us schedule CRB, it allows them to feel that it is our problem and not theirs. When they schedule, the problem, pressure, and focus shifts to them.

A couple of thoughts. We will need to set transaction priorities such as a preference that they focus on transaction B rather than transaction A and we will have to be disciplined enough to not juggle those priorities too frequently. An approach like this where OMB/Treasury schedules CRB will require us to be as responsive and detailed in the materials we provide them as possible. If we try to give short answers or to withhold the spoon feeding, it is all too easy for them to shift responsibility for delay back to us. I think that one of the key elements of making such a strategy work is that all parts of the strategy have to be synchronized. One of the most important parts of the synchronization is the expectations of the 7th floor and the White House. They can't demand production when we don't control the means of production and that is what they have been doing. The Hill is harder to deal with but we can't be committing to the Hill to do things that we cannot control as that sets up a classic case of over promising and under delivering rather than the more desirable reverse situation. We have spent a half year since your arrival trying to drive the system (other agencies) harder than it can be driven and it is reacting more and more negatively which has effectively shut us down in spite of the fact that our efforts to drive were a direct result of pressure from the 7th floor, White House and the Hill.

UniStar has surfaced with truly unfortunate timing as it will greatly exacerbate the problems that we are facing but perhaps that situation can be ameliorated by making it a very clear exception to a changed approach. If it is going to go through the process by mid June, it will have to displace activity at OMB and Treasury that would otherwise have been directed toward Abound, AES, First Wind and Beacon. That will be a test of the DOE's ability to set priorities as telling OMB and treasury that UniStar has to go through and the others as well will only insure that none go through.

The alternative is what we talked about the other day. Send everything over. Answer no questions and let them take out their concerns in elevated credit subsidy costs. That is effective in some areas but does nothing to improve the production speed of OMB and treasury. Worse than that, it gives them an excuse to go slow as we are the bad guys for dumping everything on them and making them figure it out. We end up getting the blame.

About the only thing that we can do is to smother OMB and Treasury with information and analysis in response to their questions and to do so with a smile and no attitude so that we can't get blamed for any delays in them scheduling CRB.

JM_00076786

Jim

James C. McCrea

JAMES McCREA & ASSOCIATES LLC

██████████
Wilton, CT 06897

Phone: (203) ██████████

Fax: (203) ██████████

████████████████████

From: Silver, Jonathan [REDACTED]
Sent: Friday, October 8, 2010 1:18 AM (GMT)
To: 'jimmccrea' [REDACTED]
Subject: Re: What You Were Told Before S1 Meeting

I'm sure it will...and that we risk billions on nuclear and are too slow and generally suck.
The usual. :)

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: James C McCrea [REDACTED]
To: Silver, Jonathan
Sent: Thu Oct 07 21:10:31 2010
Subject: RE: What You Were Told Before S1 Meeting

That I understood. My thought was that Solyndra might be a significant part of it or something on which they would hang their story. Sorry for being so cryptic that I did not make my point.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

From: Silver, Jonathan [REDACTED]
Sent: Thursday, October 07, 2010 9:02 PM
To: 'jimmccrea' [REDACTED]
Subject: Re: What You Were Told Before S1 Meeting

Brian ross of abc news wants to do an investigative piece about the loan program.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

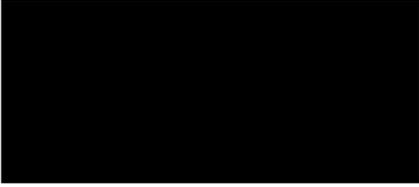
From: James C McCrea [REDACTED]
To: Silver, Jonathan
Sent: Thu Oct 07 20:28:43 2010
Subject: What You Were Told Before S1 Meeting

Solyndra?

JM_00173283

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



From: Colyar, Kelly [REDACTED]
Sent: Monday, September 21, 2009 9:58 PM (GMT)
To: boakley [REDACTED]; jimccrea [REDACTED]
Subject: Re: BrightSource Key Uncertainty

Just got out of CC. Fundamental questions... This may instigate a full reset.

From: Brian Oakley [REDACTED]
To: jimccrea [REDACTED] <jimccrea [REDACTED]>; Colyar, Kelly
Sent: Mon Sep 21 17:33:38 2009
Subject: Re: BrightSource Key Uncertainty

Wow. Based on the line of inquiry we saw today, I really think we need to regroup on Brightsource. I walked to the elevator with Steve Spinner and he was very adamant about getting BrightSource in front of CC. They would have been created today.

Personally, I think Doug should focus on Phase 1 exclusively.

Brian Oakley
Scully Capital
[REDACTED]

From: James C McCrea
To: 'Colyar, Kelly' ; Brian Oakley
Sent: Mon Sep 21 00:06:33 2009
Subject: BrightSource Key Uncertainty

This transaction is predicated on a 20% equity contribution from an ITC cash grant from Treasury. Since that grant is not made until the project is in-service, it appears that the equity will be provided by a lender advancing against the expected grant. The paper is remarkably silent on the interplay between this lender and the DOE. I believe that this lender is pari passu with the DOE. Substantial additional understanding of the rights of the lender and any reduction of impact on the rights of the DOE is required. I would be inclined to add this as a significant project risk in the CP credit paper as it is a completely unknown world and for the life of me, I do not know how it fits within the Final Rule. Others may have a clear sense and perhaps the NOPR makes things clear but given the dollars involved, I suspect that the lender will have significant rights as they are unlikely to take completion risk without some level of control.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]

JM_00089926

From: sfisher [REDACTED]
Sent: Wednesday, May 18, 2011 10:05 PM (GMT)
To: Jim McCrea [REDACTED]
Cc: 'c.reddy [REDACTED]
Subject: FW: Next Framework Letter
Attach: Next Summary Proposal (Draft May 18 2011) 1615.docx

I am happy to make the recommendation to Jonathan myself, but I do not believe this letter should be sent. I did participate in the preparation of it and did my best to insert caveats in it that try to limit its effect. I don't mind telling Next that there are going to be limitations placed on them and that there will be milestones and the like. I do not believe we should include volumes or working capital numbers in the letter nor should it include the loan tenors. These items can only be assessed after a thorough evaluation of the entire deal; there is no reason to provide them to Next at this juncture.

Since Mr. Doerr is visiting Jonathan next Tuesday, this is a good opportunity to answer any questions he has. In the meantime, if this is now a deal that is approved for analysis, we should do so and determine if it meets our risk criteria. To make representations to Next of any kind prior to such a review is premature and can only cause us problems in the future. Please call when you have a chance so we might discuss it further.

Steve

Stephen Fisher
Director
Scully Capital Services
[REDACTED]
Washington, DC 20005
[REDACTED]

-----Original Message-----

From: Seward, Lachlan [REDACTED]
Sent: Wednesday, May 18, 2011 5:28 PM
To: Silver, Jonathan
Cc: Frantz, David; Gerbsman, Jason; Hodges, Sven; Trudel, Justin; 'Baur, Melissa (Montie)'; sfisher [REDACTED]; 'Christian Reddy [REDACTED]; McCrea, Jim (CONTR)
Subject: Next Framework Letter

Jonathan,

Here for your review is the latest draft version of the letter to Next as developed by the team, including Credit.

Lach

JM_00475032

From: sfisher [REDACTED]
Sent: Wednesday, May 18, 2011 8:19 PM (GMT)
To: Jim McCrea [REDACTED]
Cc: 'c.reddy [REDACTED]
Subject: Next Framework Letter

Watch for a draft of the letter (Silver to Ligocki) coming later this afternoon. The working group (Lach, Melissa, David, Sven, Jason, Chris and I) wants to send it to Jonathan later today. We had some input into it. It is a strange letter that talks about volumes, and milestones, and all sorts of things. We got them to include a caveat up front that says this is all subject to further internal review and discussion. Once we got that, the rest of the comments were less important. It does make you wonder why we are putting all this in a letter to them. It is a very strange process change for no good reason other than communicating with the Kleiner Perkins benefactors. I would encourage you to advise Jonathan not to send it regardless of the caveats.

sdf

JM_00475065

From: sfisher [REDACTED]
Sent: Wednesday, May 18, 2011 12:47 AM (GMT)
To: Jim McCrea [REDACTED]
Cc: boakley [REDACTED]
Subject: Update

Severstal – Justin tried to write a model to answer Jay Hoffman’s questions, but it came up short. It also pointed out that the previous stress case models probably modeled a greater EBITDA degradation than was called for by the revenue drop; evidence is the 2010 actual and 2011 plan. It may take some time, but we called in ATK and GT to develop a better sensitivity model that would allow the user to change variables and see the effect (on DSCR in Jay’s case). Meanwhile this evening Jason sent out a redraft of the slide presentation; I have not reviewed it yet.

Next – ATK and GT are preparing a summary of changes in the Next plans for me. GT has already sent a new model which teeters around NPV zero. Situation normal. I have a list of questions on Next including: Tech review of new proposal (Jason says it is not required), 2 models generates more inventory, new milestones, longer more expensive development, more spares, etc. These are offset by a 50% higher demand level (150K/year) and a faster ramp up. We will look for answers. Meanwhile we understand John Doerr is visiting Jonathan next Tuesday. Sven is doing a letter.

Enerdel – No word. We are doing a set of high level questions to open a discussion.

Dow Kokam – Quiet

Steve
Stephen Fisher
Director
Scully Capital Services
[REDACTED]
Washington, DC 20005
[REDACTED]

JM_00475675

From: McCrea, Jim (CONTR) [REDACTED]
Sent: Wednesday, May 18, 2011 12:04 AM (GMT)
To: jimccrea [REDACTED]
Subject: FW: FYI on Next

From: Hodges, Sven
Sent: Tuesday, May 17, 2011 8:03:46 PM
To: Gerbsman, Jason; 'Melissa.Baur [REDACTED]';
'Daron.Gifford [REDACTED]'; 'sfisher [REDACTED]';
McCrea, Jim (CONTR); Trudel, Justin; Frantz, David; Seward, Lachlan
Subject: RE: FYI on Next
Auto forwarded by a Rule

J, I will get you language for the letter first thing in the am.

-----Original Message-----

From: Gerbsman, Jason
Sent: Tuesday, May 17, 2011 12:34 PM
To: 'Melissa.Baur [REDACTED]'; 'Daron.Gifford [REDACTED]'; 'sfisher [REDACTED]'; McCrea, Jim (CONTR); Hodges, Sven;
Trudel, Justin; Frantz, David; Seward, Lachlan
Subject: FYI on Next

Just so you are all aware, Jonathan has scheduled a meeting with John Doerr for next Tuesday, the 24th. I will let you know more as I hear updates.

Jason

Jason H. Gerbsman
ATVM Loan Program
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

[REDACTED]

www.lpo.energy.gov

JM_00475678

From: sfisher [REDACTED]
Sent: Monday, May 16, 2011 1:58 PM (GMT)
To: Jim McCrea [REDACTED]
Cc: 'c.reddy [REDACTED]; boakley [REDACTED]
Subject: ATVM

- Jonathan wants a letter back to Next, draft by Wednesday, that gives them the parameters of a deal. John Doerr buttonholed him over the weekend. JS wants Credit involved prior to the letter coming to him. I may have told you Jason sent me a copy of a new model and a draft LOI that Melissa wrote that really did nothing but limit the parameters of the analysis we would do – not signing that! He provided no info on the new deal although we understood it slipped 5 months and had a new model in it. I will ask Jason to provide additional info; although he is under the Severstal gun as well. Chris is going to get involved here as a fresh set of eyes.
- Frantz met with Owen last Friday and apparently have more info on what he wants on Severstal. Dave said he would get with Jason and tell him this morning. I cautioned in the meeting that the questions need to be documented coming out of Credit Committee. Owen first offered has email (that I sent you) as that, but the team encouraged more. I don't know who the secretary of Credit Committee is, but a "remand" needs documentation lest it later be construed to be something it was not. You may want to encourage Owen in the right direction since you were present as the Credit officer.
- Edward talked briefly of the ENER1 problems. He sort of dismissed them as not being a big deal, but they really are a very big deal.
- Dow Kokam is still grinding around – they keep saying management is coming around.

Steve

Stephen Fisher

Director

Scully Capital Services
[REDACTED]

Washington, DC 20005
[REDACTED]

JM_00476595

From: James C McCrea <jimmccrea [REDACTED]>
Sent: Wednesday, January 20, 2010 3:53 AM (GMT)
To: 'Sandra Claghorn' [REDACTED]
Subject: RE: Need Help

She was indeed pleased. Hopefully, with a bunch of things going her way from CP – Sage, FW CC, taking her to OMB and a restarting of the CSC estimating process that had been jammed up since August (Calvert Cliffs) she and her colleagues may begin to see that we are all in the same boat and it goes in a straighter direction if we quit fighting and start rowing!!!!

David Frantz tells me that the BrightSource team was extremely pleased with the update on the transaction that I presented to CC.

Talked with Lach late today and he was extremely pleased with the new approach and also extremely pleased with what CP brought to this transaction and the Credit Committee discussion.

Thank you for getting it to the point where I could cover for you. Teamwork!!!!!! If you had not pulled it together so well, handling the transaction would have been a lot more difficult for me especially since I am simultaneously immersed in BrightSource and keep getting pulled into Jonathan's WH problems.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]
Wilton, CT 06897
[REDACTED]

From: Sandra Claghorn [REDACTED]
Sent: Tuesday, January 19, 2010 10:41 PM
To: Jim McCrea
Subject: RE: Need Help

Wow! Record time.

Monique must be thrilled.

Thank you again for covering for me today.

S

Sandra Claghorn
TMS Consultant - LGPO
Credit Policy
[REDACTED]

JM_00080102

> To: sandra.claghorn [REDACTED]
> Subject: Re: Need Help
> From: jimccrea [REDACTED]
> Date: Wed, 20 Jan 2010 01:29:52 +0000
>
> BTW, congrats. CC approved
> -----Original Message-----
> From: Sandy Claghorn
> To: Jim C McCrea
> Subject: Re: Need Help
> Sent: Jan 19, 2010 8:27 PM
>
> Unfortunately, I am no help to you on this. I'm sure Renee could help with the market info and Roger and Brian could help with DOE specifics. I am useless on either.
>
> Sandy
> Sent from my Verizon Wireless BlackBerry
>
> -----Original Message-----
> From: James C McCrea [REDACTED]
> Date: Wed, 20 Jan 2010 00:16:40
> To: <rogermcdaniel [REDACTED]>; < [REDACTED]>; <boakley [REDACTED]>;
<sandra.claghorn [REDACTED]>; <reneesass [REDACTED]>
> Subject: Need Help
>
> Jonathan has asked for any help that we can give him on the following questions that are required to be included in a briefing that is being prepared for WH use. Please put together any thoughts ASAP and circulate them to this group. We will consolidate and get them to Jonathan. This evening or tomorrow morning would be extremely helpful and the earlier the better because it goes into a larger presentation that he needs to wrap up by the end of the day tomorrow.
>
> Market Overview
>
> (1) What is the expected capital investment in the energy sub-sectors relevant to the DOE loan programs? What fraction of investment could DOE support?
>
> (2) What is the current state of the credit market for energy projects? What firms provide financing for new energy projects? What is the ongoing interaction with private actors in industry?
>
> (3) What characteristics of energy projects and/or energy and credit markets necessitate the DOE loan programs? Are these characteristics temporary or expected to persist?
>
> (4) What is the implicit subsidy of the loan guarantee program, in conjunction with other government support (e.g., tax credits, grants), for new energy projects? For example, what is the cents per kWh in aggregate subsidy for new wind or solar farms that could be supported by 1705?
>
>
>
>
> Jim
>

> James C. McCrea
> JAMES MCCREA & ASSOCIATES LLC
> [REDACTED]
> Wilton, CT 06897
> [REDACTED]
> [REDACTED]
> jimccrea [REDACTED]
>

>
>
> Sent via BlackBerry by AT&T

From: Joshua Bar-Lev
Sent: Saturday, March 05, 2011 12:57 AM
To: Gabe Horwitz; Steve McBee; John Mulligan
Cc: Arthur Haubenstock; Jack Jenkins-Stark; Natalie Schaefer; Dan Judge
Subject: FW: Outline for DOE presentation -- 110304.docx

- The attached Outline will be filled in as talking points to be used by the political team. Over the weekend. Arthur, Jack and the deal team coming into DC Monday.
- Additional Litigation pieces/summaries will be provided by Arthur and the Perkins firm, since DOE team has asked for specific info. Then we need to summarize it and insert as several talking points in the Outline
- Meetings at the highest level possible should be arranged for Tuesday/Wednesday with our champions. We will need you to schedule. You should work with Arthur on appropriate mtgs with DOI (like Steve Black) etc. Woolard coming in the following week. JW Will want meetings that week with the VP, Reid, Chu, Feinstein and other principles.
- Once Bernie Toon inculcated (shortly), you guys need to fold him in to the arguments, roles and get him the litigation and other info.
- JW just now heard from Gov's asst Picker that Governor wants to talk with JW. That is happening now or shortly. Governor wants to express, as Gov and as former AG, "STRONG STATE INTEREST" in 1)fighting these kinds of suits and 2) getting these projects done. \$20 Billion in fast track Calif projects are at stake; over 10,000 direct jobs. RPS cannot be met, a key state goal. Will call Chu and may want to call President and VP. [this just happened – SWEET]

Other actions? Lets fill in over the weekend. Lets coordinate action items you all undertake and Bernie undertakes, with our team. Thoughts??? Joshua

From: Dan Judge
Sent: Friday, March 04, 2011 4:26 PM
To: Natalie Schaefer; Arthur Haubenstock; Joshua Bar-Lev; John Mulligan; John Woolard; Jack Jenkins-Stark; Umanoff, Adam
Subject: Outline for DOE presentation -- 110304.docx

Folks – OK, here's the quick data dump. Any further details around these topics would be much appreciated. I'm not going to be home tonight, so it will likely be Saturday late afternoon before I get something more comprehensive out. If particular people could focus on the following bullets, as shown below, that would be best:

- BSE Cash Situation – Jack
- Impact of Project Funding Stop – Natalie/Adam
- Impact of Project Failure on DOE -- All
- Impact of Project Failure on Other Federal Stakeholders – John M, Joshua, Arthur, Adam, Natalie
- Impact of Project Failure on Other Participants – Joshua, Natalie

- Impact of Project Failure on BrightSource – Jack
- Impact of Project/Company Failure on Industry – Joshua,

I don't mean to discourage anybody from adding anything, on anything! Thanks, folks.

Dan

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<<      Outline for DOE presentation -- 1103C4.docx   (13.6KB)
      {13.6KB}
>>
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From: John Bryson [REDACTED]
Sent: Sunday, March 13, 2011 2:35 PM
To: John Woolard
Cc: Crane, David
Subject: Re: FW: Senator Mary Landrieu

John and David,

With regrets, I have a conflicting commitment here in California on April 11 and cannot join the David's dinner that evening. (I am joining Ted Craver for a small dinner with Dianne Feinstein in the next two weeks, and we will certainly talk energy policy with her at the time.)

David, I would be happy to learn more of the idea you are developing which John touches on in the second paragraph below. It will be a little hard to reach me during the first three days of the coming week---I fly early tomorrow to NYC and am then in meetings there, followed by a very full Wednesday back here. But I could talk either on Thursday or Friday of next week. My suggestion is that you have your assistant call my office and set up a mutually good time with my executive assistant at the number which John set out below. It would be a pleasure to catch up after not seeing you for some time.

John

From: "John Woolard" [REDACTED]
To: "Crane, David" [REDACTED], "John Bryson"
[REDACTED]
Date: 03/11/2011 06:41 PM
Subject: FW: Senator Mary Landrieu

John - David Crane at NRG is hosting a small dinner at his house in Princeton, NJ on April 11th for Senator Landrieu. See below; it will be a small gathering of CEOs for a more intimate discussion around energy policy. I am unable to attend as I am hoping to actually close Ivanpah and be on vacation with my family that week. I suggested you might be interested in attending if it fits your schedule. Please let David know directly if you are able to attend.

Separately, I wanted to connect the two of you to discuss a rather interesting project that David is working on that involves the intersection of "Iconic businesses" and renewable energy. As David and I talked, Disney would be an excellent fit with the strategy that David is developing, and I thought the two of you should connect for a brief discussion. I will leave it to the two of you to connect on both issues. Regards, John

John Woolard / President, CEO / BrightSource Energy / [REDACTED], Oakland, CA 94612
/ [REDACTED] / [REDACTED]

[REDACTED] - David's number
[REDACTED] - John's number

From: David Crane [REDACTED]
Sent: Wednesday, March 02, 2011 1:51 PM
To: John Woolard
Cc: jkmk [REDACTED]
Subject: Senator Mary Landrieu

Dear John:

It was a pleasure speaking with you today.

With the price of oil triggering escalation of gasoline prices towards \$4/gallon and continued unrest in and around the oil-producing nations of the Middle East, it is good to know that you share my expectation that Congress may react to geopolitical circumstances by considering and potentially passing energy legislation. Motivated by a desire to show their responsiveness to the American voting public, they may act with haste even before the end of their Summer Session.

The big issue to us is how Congress might act as history tells us that the range of outcomes from energy legislation passed during or in the immediate aftermath of energy "crises" ranges from substantial good to immense harm. Whether Congress focuses on promoting electric and other alternative fuels vehicles, changing the rules around the strategic petroleum reserve, enacting a federal renewable or clean energy portfolio standard or a host of other potential incentives or disincentives for favored or disfavored fuel sources, there is a great deal at stake and everyone in the energy industry needs to ensure that key legislators are as well informed as possible.

Toward that end, my wife Isabella and I have invited her fellow Louisianan, U.S. Senator Mary Landrieu to be our guest for a very small fundraising dinner at our home in Princeton, NJ on Monday, April 11th. Senator Landrieu, as you know, is one of the most knowledgeable and passionate members of the Senate when it comes to issues of energy and energy independence. Moreover, from her position as a subcommittee chairman and senior member of both the Senate Energy Committee and the Senate Appropriations Committee, she plays a critical role in shaping energy legislation in the formative stages.

Rather than the 'normal' private fundraiser involving 50-100 guests, prepared remarks by the guest and very limited opportunity for interaction or in depth discussion, we are shooting for a more intimate 10-12 person dinner involving CEO or CEO-level executives from across the energy sector: oil and gas, electric and other alternative energy vehicles, renewables (particularly, solar) and nuclear. The formal invitation is attached. I know that it is difficult for you to attend personally but it would be great if you and Brightsource were suitably represented.

If you have any questions, please do not hesitate to contact me or my colleague John O'Brien.

Sincerely,

David Crane

[attachment "Senator Landrieu 04-11-11.pdf" deleted by John Bryson/SCE/EIX]

From: John Woolard
Sent: Wednesday, January 27, 2010 5:42 PM
To: Keely Wachs; Dan Judge; Jack Jenkins-Stark; 'Steve McBee'
Subject: FW: Correction regarding BrightSource Story

Separate calls with Silver and Spinner – emails from Stephan to both of them – both Silver and Spinner think we are fine
- JW

From: Stephan Dolezalek [REDACTED]
Sent: Wednesday, January 27, 2010 9:38 AM
To: [steve.spinner](mailto:steve.spinner@brightsource.com) [REDACTED]; John Woolard
Cc: Alan Salzman
Subject: Correction regarding BrightSource Story

I wanted to definitively correct the story that appeared today in a private online subscription magazine called "merger market;" in which Bobby Kennedy is quoted as saying it is about to exit its investment in BrightSource. To be clear, VantagePoint has absolutely no such intentions. In fact, we have committed and are about to close on a substantial additional round of financing for BrightSource which is being led by our Firm. The completion of that financing is only conditioned on the DOE loan guarantee approval coming through. We are a very strong believer in the Company and its technology and very much intend to continue to support it as its largest stockholder.

It is quite likely that Mr. Kennedy was misquoted; inasmuch as he is aware that BrightSource has been actively approached about financing major BrightSource installations in other parts of the world and we have had to engage in conversations about the possibility of obtaining financing for such alternatives as the DOE loan process has dragged on. However, inasmuch as it now appears that we are nearing the completion of the DOE process, both VantagePoint and the Company are entirely focused on moving forward with the projects in Ivanpah, California.

J. Stephan Dolezalek
Managing Director/CleanTech Group Head
VantagePoint Venture Partners
[REDACTED]
San Bruno, CA 94066
[REDACTED]
[sd](mailto:sd@brightsource.com) [REDACTED]

From: John Woolard
Sent: Tuesday, September 29, 2009 2:42 AM
To: 'sanjay.wagle' [REDACTED]
Subject: Steve Chu email?

Sanjay - I need to send a note to Matt R and the Secretary about our situation and my only email for Dr Chu is his old lbnl address. Can you please send his new email?

Related to this, will likely be in DC again this week if you can free up for a beer (or am coffee)? JW

From: Natalie Schaefer
Sent: Wednesday, April 27, 2011 5:07 PM
To: Kenneth.Cestari [REDACTED]
Subject: BO Opinion/Tortoise Moving Issue

Ken – here are some “talking points” at your request. Apologies, I meant to send this earlier and it got stuck in my outbox. Sticking here with the key message, but let me know if you would like more information in addition to what we discussed.

Background:

- Ivanpah is the largest solar electric generation facility under construction in the world. DOE is providing the \$1.6 billion loan guarantee, and NRG and Google are providing over \$450 million of private sector equity investment.
- We currently have over 400 construction union labor on site, and plan to increase that to over 700 union labor by Q3 and over 1,200 within a year.
- The Ivanpah schedule is at risk due to a) agencies' delay in completing an amended biology review (called a “Biological Opinion”) that BrightSource requested in January, and b) the agencies' recent and unexpected change in interpretation of the existing Biological Opinion.
- Ivanpah has been known to have a small population of desert tortoise, a threatened but not endangered species. Initial work on site indicates that somewhat more desert tortoise may exist onsite, raising the density from a very low level, below the range that the US Fish & Wildlife Service considers “typical” for the 9 million acres inhabited by the tortoise, to a level, assuming the highest projected value, that is slightly above the typical density. By comparison, more than 10 times the tortoise density is found in portions of the Desert Wildlife Management Area less than five miles away.
- An amended Biological Opinion and a Notice to Proceed is needed from US Fish & Wildlife and BLM, respectively, by May 12. That date is mandatory in order to make sure the project can move forward and continue to meet its planned schedule since desert tortoise cannot be relocated safely away from construction during the summer months.

Below is just a “suggestion”:

We would suggest Jonathan Silver call Steve Black and possibly Secretary Chu call Sec. Salazar – Provide update/briefing; encourage Secretary to ensure prioritization and resources deployed for rapid completion of Biological Opinion. Every day it is delayed puts the DOE funding, private sector funding commitment, and 1200 union construction jobs at dramatically increased risk.

Let me know if there is anything else you need, look forward to hearing from you

Nat

Jonathan Silver

From: Peter O'Rourke [REDACTED]
Sent: Thursday, June 16, 2011 9:40 PM
To: jonathan [REDACTED]
Cc: Matt Winters
Subject: Re:

Yeah, even more so given that Geitner actually chimed in. Kind of nuts that Chu defeated Treas Sec, OMB head, and NEC head.

Thanks very much to both of you for all the time you put into getting this through the gauntlet. I know your plates are very full, so your time is appreciated by all of the deal team.

peter

On Thu, Jun 16, 2011 at 8:28 PM, Jonathan Silver <[REDACTED]> wrote:
Chu is right not to gloat publicly, but, the full deal going forward minus a year, is a close to an annihilation of the economic team's position as you could actually possibly hope for. Its actually daley giving them a fig leaf. Think about it.
Let's do some serious gloating when I get back,
Total victory.

Jonathan Silver
[REDACTED]

Evans, Denise

From: Shikany, Ann [REDACTED]@Hq.Doe.Gov] on behalf of Silver, Jonathan [REDACTED]@hq.doe.gov]
Sent: Friday, June 24, 2011 1:17 PM
To: 'Jonathan [REDACTED]'
Subject: FW: Draft LPO slides for POTUS meeting

From: Hurlbut, Brandon
Sent: Friday, June 24, 2011 12:14 PM
To: SCHU
Cc: Adams, Ian; Poneman, Daniel; Winters, Matthew; Carlson, Jaime; Silver, Jonathan; Navin, Jeff
Subject: Re: Draft LPO slides for POTUS meeting

I am in a CRB for the next half hour - they need me for quorum - I will call you when this meeting ends.

From: SCHU
To: Hurlbut, Brandon
Cc: Adams, Ian; Poneman, Daniel; Winters, Matthew; Carlson, Jaime; Silver, Jonathan; Navin, Jeff
Sent: Fri Jun 24 12:08:21 2011
Subject: RE: Draft LPO slides for POTUS meeting

Brandon,

This is missing important information: what could have been improved, why did the loans take so long, and why was there so much interagency angst. Below is the "blunt, truthful" version.

We need to tell the President the truth, as we see it. We need to also present the other side's point of view as fairly as possible.

- 1) Treasury, and often OMB felt that the all the allowed subsidies, when added together, permitted to loan applicants too large a ROI. ("Unjust enrichment"). We could not agree on even the underlying assumptions of how much a subsidy was worth. Give one example of a deal that we could not agree on and the particulars of that deal.
- 2) Many times, they felt that a "better deal" could have been brokered by DOE and asked us to re-negotiate.
- 3) I heard that OMB assigned very few people to review the loans. Would they acknowledge that?
- 4) Throughout the loan program, DOE was asked to respond to multiple inquiries on virtually all loans, amounting to thousands of pages of questions. Many times they specifically refused to have in-person briefings.
- 5) Other agencies would sometimes argue that a particular loan is "not in the spirit of the Recovery Act"
- 6) Principles in OMB and especially Treasury would often times rely on lower level staffers – e.g. acting deputy assistant secretary – and back them without understanding the details of the loan. The staffers would cite numerous initial objections, and as we explained the loan, their objections shifted to other reasons. Throughout the process, they believed that were taking "principled stands."

12/2/2011

7)

Steven Chu

Department of Energy

From: Hurlbut, Brandon

Sent: Friday, June 24, 2011 11:35 AM

To: SCHU

Cc: Adams, Ian; Poneman, Daniel; Winters, Matthew; Carlson, Jaime; Silver, Jonathan; Navin, Jeff

Subject: Draft LPO slides for POTUS meeting

Attached are the draft slides for the daily economic briefing with the President on Monday where you will discuss the status of LPO. The WH was very direct about what should be included in the slides so we don't have much flexibility. They want:

- 3 slides that describe the status of the program and explain why the President hears so much about it. The President actually hears about it because at official events and political events he interacts with business community and Congressional members - many of them have some affiliation or interest in the numerous applications we have received that involve substantial funds. As a result, the President has likely heard a wide range of feedback on the program and wants to know its status.
- 1 slide on status of Cape Wind (because he has heard from Gov. Patrick a few times - they are close friends)
- 1 slide on USEC (I think Gov. Kasich brought it up when he golfed with the President last weekend).

During the meeting, you will have an opportunity to verbally raise CEDA and any other thoughts on clean energy finance. You have a lengthy pre-brief scheduled on Monday morning to discuss that aspect of the meeting.

Please let us know what you think - the WH has asked that we send a draft early afternoon so they can review and make any necessary changes to get in the President's book for the weekend.

Brandon Hurlbut

Department of Energy

12/2/2011

JMS-002220



Peter O'Rourke <orourke.galer@gmail.com>

FW: AMP Powerpoint Presentation

6 messages

boakley [REDACTED] Mon, May 2, 2011 at 11:34 AM
 To: "Hernan Cortes" [REDACTED], "O'Rourke, Peter" [REDACTED]
 [REDACTED]
 Cc: "jim McCreary" [REDACTED] <[REDACTED]>, [REDACTED]
 [REDACTED], [REDACTED]@hq.doe.gov <[REDACTED]@hq.doe.gov>

Hernan & Peter,

Please see Jim's comments below. Let's discuss once i have the PPT distributed.

Regards,

Brian

Brian Oakley

Principal

Scully Capital Services, Inc.



www.scullycapital.com



...
 This message has been sent via the internet. Internet communications are not secure against interception or modification. Therefore, Scully Capital cannot guarantee that this message has not been modified in transit, and this message on its own should not be viewed as contractually binding. This message and any files transmitted with it are confidential and intended solely for the use of the addressee. If you have received this message in error, please notify the sender and destroy your copies of the message and any attached files.

From: jim McCrea [mailto:]
Sent: Sunday, May 01, 2011 8:11 PM
To: 'Bowen II, Robert (CONTR)'
Cc: boakley
Subject: RE: AMP Powerpoint Presentation

As I said, the credit paper is both dense and superficial. I think that the transaction is going to have an especially difficult time in the interagency process. Here are my big points:

- There is absolutely no basis for the selected size of the transaction. It is stated and never questioned or justified. There is nothing in the paper that answers to question of why not 200MW for example so this really looks like it is banking the greatest amount of Federal dollars for a 5 year financing program.
- There is no justification of why this is needed at all. Prologis is installing solar systems without the program and little that speaks to why this is a good use of Federal dollars except one spot where it talks of the discount due to cheap financing, a topic that does not resonate in the interagency process.
- Based on new phases being added as long as the resulting Average DSCR for the Project is 1.10x, I really do not see this as a BB transaction. With that provision, I would rate it at no more than a B or maybe a CCC. They can severely downgrade the credit and I think that we need to score it on the presumption that the average gets pulled down to 1.10X. To be a BB, they need to be under a requirement to maintain the going in average DSCR.
- Prologis has been at this since 2008 and only has 50MW in operation or under construction at 40 sites. This gives no support at all that they need a program that has a capacity of 733MW. In fact, their experience level totally undercuts the need for a program of this size. I would expect this to get cut back enormously in the interagency process. It is simply way too big and is banking financing for future activity. If I were in the interagency process, I would cut this back to 100MW which is 4X what they have done and more than 6.5X what they have identified and are ready to build. $15.4/733$ is 2.1%. That is a devastating number. To support this large a program, they should have multiple phases nearly ready to proceed with PPAs in near final form.
- At the size it is proposed, this will consume significant credit subsidy cost that is not commensurate with the demonstrated need.
- Responding to RFPs is not credible for things in the pipeline as there is no sense of what their RFP bid success rate will be.
- There will be significant self-dealing questions re Prologis and its roles on the EPC side and as the receiver of rooftop rents.
- Expect to get heavily bogged down in a discussion of the extent of foreign panels and the lack of anything in the paper that speaks to best efforts to buy American.
- In the business strategy and RPS discussion, there is no sense of how much of the required capacity is spoken for by other projects and how much capacity is really available for these guys. Also, what happens if a European-like oversupply capacity develops and RPS gets cut back.
- There is absolutely nothing in the paper to put these guys in context compared to other rooftop developers. What else is going on? How do these guys compare? Can they be undercut by others? Why won't Prologis have a fiduciary responsibility in its REIT to go with the most competitive rooftop developers rather than its own captive and if the only thing that makes them competitive is cheap financing, that will be an issue. There is nothing in the paper that suggests that Prologis is especially

good at this game.

- There is no support at all for them being able to do a 733MW program in 5 years. Exhibit 8.9 is flat out unacceptable. Minimum builds of zero until July 2013 really casts doubt on what they are up to and if that is all they will commit to, then it really makes the projected advances look suspect.
- EPC does not seem to mention Davis Bacon while O&M does.
- The Fitch weaknesses don't all seem to have been addressed. Expect some heavy questioning about them.

Overall: transaction is certainly not a BB credit and is way too big for the identified need. It commits way too many Federal resources for way too long without any certainty that there is a project that can get built out.

Paper needs a heavy proofing as it is chock full of typos.

I am available this evening if you want to discuss.

Jim

James C. McCrea

JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Bowen II, Robert (CONTR) [REDACTED]

Sent: Sunday, May 01, 2011 6:32 PM

To: jimmcreea [REDACTED]

Cc: boakley [REDACTED]

Subject: AMP Powerpoint Presentation

Hope all is well and you got out and enjoyed some of this fine day beyond fixing the tire.

We just got off the phone with the team on the things that need to be done on this and will likely have a relatively

PO_01046

close to final draft in the AM around 10:30 or 11:00. There is a tag-up on AMP at 1130 with Jonathon and Brian and I thought it would be good to show him the Powerpoint to get his general comments to avoid a repeat of Fotowatio where as I understand it he had comments that were quite significant and needed to be addressed at warp speed. Problem with this is that it doesn't give you a chance to read before he is seeing it so wanted to see if you were ok with the approach. Otherwise I think we will need to change the time of the tag-up and we don't know his schedule. Additionally I am not sure if you are traveling tomorrow which is also an important input. We don't want to jam you too much so let us know.

Rob

Peter O'Rourke <[redacted]>
To: Morgan Wright [redacted]

Mon, May 2, 2011 at 12:32 PM

It's started. Can you deal with this with Jonathan. It is not dense or superficial.

Peter O'Rourke

Begin forwarded message:

From: "boakley [redacted]" >
Date: May 2, 2011 18:34:36 GMT+03:00
To: "Hernan.Cortes([redacted])", "O'Rourke, Peter [redacted]"
Cc: "jim McCrea [redacted]"
Subject: FW: AMP Powerpoint Presentation

[Quoted text hidden]

Peter O'Rourke <[redacted]>
To: "boakley [redacted]"
Cc: "Hernan.Cortes([redacted])", "jim McCrea [redacted]"

Mon, May 2, 2011 at 12:42 PM

I will read the comments and provide my thoughts.

Peter O'Rourke

On May 2, 2011, at 18:34, "boakley [redacted]" wrote:

Hernan & Peter,

Please see Jim's comments below. Let's discuss once I have the PPT distributed.

Regards,

Brian

Brian Oakley

Principal

Scully Capital Services, Inc.



<image001.jpg>

[Quoted text hidden]

[Quoted text hidden]

Peter O'Rourke <[redacted]>

Mon, May 2, 2011 at 12:45 PM

To: rmbowen [redacted]

Cc: "Hernan.Cortes" [redacted]

... Although I guess it's a feat to be both dense and superficial. One would presume they are somewhat contradictory.

Peter O'Rourke

On May 2, 2011, at 18:34, "boakley" [redacted] wrote.

Hernan & Peter,

Please see Jim's comments below. Let's discuss once I have the PPT distributed.

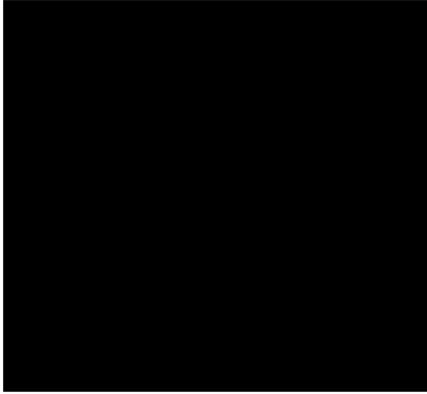
Regards,

Brian

Brian Oakley

Principal

Scully Capital Services, Inc.



<image001.jpg>

[Quoted text hidden]

[Quoted text hidden]

Morgan Wright <[REDACTED]>

Mon, May 2, 2011 at 2:52 PM

To: Peter O'Rourke <[REDACTED]>

Bowen says he convinced Jim that credit is BB or better, so most of this list is now off the table. Big remaining issue is defending size of facility. To paraphrase Rob, how do we justify that Amp can compete and win 20% of domestic solar business over the next five years with ground mounts like CVSR being built at \$2.50/watt less than distributed gen today? If the only reason is a 15-20% reduction in price with a guarantee, that's probably not good enough. Need something more.

He said we should ask BofA and ProLogis these questions as well, and told Heman the same. I'm happy to assist in those calls if you want.

[Quoted text hidden]

Peter O'Rourke <[REDACTED]>

Mon, May 2, 2011 at 3:15 PM

To: Morgan Wright <[REDACTED]>

Amp is competitive with cvsr on watt price. Plus amp saves on transmission and is constructed in fraction of time. Manu good reasons.

Peter O'Rourke

[Quoted text hidden]

From: Arthur Haubenstock
Sent: Monday, January 11, 2010 12:25 AM
To: Keely Wachs; Joshua Bar-Lev
Subject: RE: For Review: Ivanpah Outreach Campaign

Keely- this looks terrific. My suggestions are attached. I'll be in Sac tomorrow for the first day of the hearings on Bio but will be back in the office Tuesday- we can work on combining the table I put together with the overall strategy.

From: Keely Wachs
Sent: Friday, January 08, 2010 10:58 AM
To: Joshua Bar-Lev; Arthur Haubenstock
Subject: For Review: Ivanpah Outreach Campaign

Gents,

I've updated the Ivanpah Outreach Campaign a bit. While still a work in progress, please use the below copy, not the original version that I sent you.

Thanks,
Keely

Objectives:

- Reframe the context of the Ivanpah project – change the way that people understand Ivanpah and position it as an environmentally responsible project that should be approved by the CEC/BLM
- Change the perception of the Ivanpah project among environmental groups inclined to litigation or opposition
- Make the environmental and economic benefits of Ivanpah widely known

Strategies:

- Identify and activate a grassroots network capable of building a movement of advocates – environmentalists, labor, business, university students/youth groups, investors, citizens for renewable energy (BSE family and friends, H&K network, RR Network, TMG network, High Desert Region Green Jobs Initiative)
- Identify and engage a grassroots network capable of advocating to key stakeholders – policymakers, regulators, media influencers, environmental leaders
- Create communications that build momentum towards the ground breaking milestone
- Leverage new and traditional media channels to tell the story to reach mass audiences
- Brand the Ivanpah project to be seen as the future of California's clean energy economy

Networks to Tap and Build Foundation of Support:

- Solar community: SEIA, LSA, VoteSolar
- Organized Labor – building trades
- Academic Community: Northern California – Dan Kammen (UC Berkeley Energy and Resources Group), Severin Borenstein, UCB RAEL and Southern California – UC Riverside, Cal Poly (SLO & Pomona), UCLA, USC, etc.
- Environmental Community: Bobby Kennedy, CEMAR
- Business Community: BSE Investors, Bay Area Council, CA Chamber, CalCEF, E2
- Customers: PG&E, SCE
- Friends/Family of BSE, including vendors, suppliers
- University students

Research

- Pulse and tracking polls, both state and local

Media

- Editorial Boards with the LA Times, Sac Bee, NY Times, SB Press Enterprise
 - John Woolard with one enviro and one labor supporter
- Op-Eds

- Bobby in Treehugger and Huffington Post
- John
- Enviros
- Labor
- Affinity Group Newsletters
 - Provide content to third-party groups for repurposing in their newsletters, i.e. conduct Q&A's with enviro groups, local groups, etc.
- Social Media
 1. Ivanpah Facebook page
 1. Leverage video content
 2. Link with other climate change/renewable energy "Facebook Cause" pages
 2. YouTube
 1. Host video content on Ivanpah YouTube page
 2. Link with Facebook page
 3. Push video content to network
 4. Videos:
 - Three campaign videos above
 - John's speeches
 - John's WEF interview
 - John's Copenhagen interview

Direct Communications

- Speaking opportunities
 - National
 - Hyper-local
- Engagement Events
 - Executives meetings with local Chamber of Commerce, City Councils, Board of Supervisors, Rotary Club, Kiwanis, etc
 - Host community events, inviting local residents/stakeholders to learn more about the project, hear from Arnold, etc
 - Conduct presentations for environmental groups – national, state and local levels
- Emails
 - Email campaign leveraging above networks
 - Direct email response sending supportive emails to CEC/BLM, leaders of environmental groups, Governor Schwarzenegger
 - Sending content/pushing new Facebook/YouTube content
- Direct Letter Writing Campaign
 - Leverage above networks to send in letters to CEC/BLM
 - Already have six letters sent in

Content

- Videos:
 - Econ benefits: interviews with San Bernardino County locals, mayor of Victorville, chamber of commerce, small business, junior colleges, Linda Jones
 - Environmental reality: bobby, other enviros, footage of the site, climate change, solar energy
 - Renewable energy for CA: interview citizens on the street, footage of political leaders eschewing renewable virtues, Peter Darbee, Michael Peevey, John Woolard
- One-pagers
 - Econ benefits
 - BSE's/Ivanpah's environmental approach
- Letters
 - Letters sent to:
 - CEC/BLM
 - Gov
 - Enviro Groups

Keely Wachs
 Sr. Director, Corporate Communications
 BrightSource Energy

Ph: [REDACTED]
Cel: [REDACTED]
Email: [REDACTED]

<< 2010-01-08 Ivanpah Outreach Campaign.rdLn.docx (21.4KB)
{21.4KB}
>>

Jonathan Silver

From: SRS0=jVvFnP=3E=att.blackberry.net: [redacted] on behalf of Jonathan Silver [redacted]
Sent: Thursday, August 18, 2011 6:48 AM
To: Morgan Wright; Jonathan Silver
Cc: Brandon Hurlbut; Frances Nwachuku; Matt Winters
Subject: Re:

We do drop another 4 behind in this scenario, but likely recovery now is next to nil. If this takes us from five cents to four cents, but opens up another week of dialogue and allows us to announce one or two more closed deals, seems worth it.

Jonathan Silver

[redacted]

From: Morgan Wright <[redacted]>
Date: Thu, 18 Aug 2011 06:39:21 -0400
To: <jonathan.[redacted]>
Cc: Brandon Hurlbut<[redacted]>; Frances Nwachuku<[redacted]>;
Matt Winters<[redacted]>
Subject: Re:

Given his posturing, not sure we want to disadvantage our standing in liquidation further.

On Aug 18, 2011 3:23 AM, "Jonathan Silver" <[redacted]> wrote:
> I have another idea. The last 4 million went in subordinate to tranche a and our debt.
> Let's offer to have the next four go in as A, to let us continue talking.
> Thoughts?
>
> Jonathan Silver
>

[redacted]
[redacted]

From: jim McCrea [REDACTED]
Sent: Saturday, October 30, 2010 4:49 PM (GMT)
To: 'Silver, Jonathan' <[REDACTED]@hq.doe.gov>
Subject: RE: Strategy Question

Working away but it is hard to argue that 50% for total subsidy which they are headed for is not reasonable, especially with a decision maker who has no clue. Even if you add 5% for RPS to every transaction, it lets everything through except for BrightSource, US Geothermal, Abengoa and First Wind. On that criteria, even Shepherd's Flat and Baldwin get through. 50% simply is not an issue for us if it was the only criteria. The problem is the overlapping criteria which effectively take so many of our transactions out.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]
Wilton, CT 06897

Phone: (203) [REDACTED]

Fax: (203) [REDACTED]

jimmccrea [REDACTED]

From: Silver, Jonathan [mailto:[REDACTED]@hq.doe.gov]
Sent: Saturday, October 30, 2010 12:40 PM
To: 'jimmccrea@[REDACTED]'
Subject: Re: Strategy Question

While I might agree with you intellectually, that is not where we are. Let's finish this process and get back to business. When they don't fast track something, we'll complain. We've gotten deals done with the 55% recovery rate; we'll get deals done this way. Please add commentary and additional points to what I've written and let's get this done and get back to work.

Again, worst case, we're back to where we started. I don't personally believe that, after this, they will turn down non fast tracked deals either (except maybe take out financing).

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]@hq.doe.gov

From: jim McCrea <jimmccrea@[REDACTED]>
To: Silver, Jonathan
Sent: Sat Oct 30 12:33:38 2010
Subject: Strategy Question

I am growing increasingly worried about a fast track process imposed on us at the POTUS level based on this chaotic process that we are undergoing. The work to date does not have near enough staff work to be supportable and is totally being done on the fly and is being used by other agencies to impose theological views. We really get little out of fast tracking when you get right down to it and the process that is being designed is pure crap. Further, by legitimizing some of their theological views in the fast tracking screens, we give those views credibility that will be certainly be used against

[REDACTED]

us for non fast tracked transactions. By designing the fast track process and having it approved at the POTUS level (which is an absolute waste of his time!) it legitimizes every element and it becomes embedded like the 55% recovery rate which also was imposed by POTUS.

I think that the time has come, given how poorly this process is going, to step back from all of this and to take a deep breath.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

██████████
Wilton, CT 06897

Phone: (203) ██████████

Fax: (203) ██████████

jimmccrea@██████████



From: James C McCrea [REDACTED]
Sent: Monday, March 1, 2010 6:00 PM (GMT)
To: 'Schmitzer, David' [REDACTED]; 'Roger McDaniel' [REDACTED]; 'Don Bennett' [REDACTED]; 'Kim, Dong' [REDACTED]
<[REDACTED]>
Subject: RE: Eagle Rock Project
Attach: firstcall.mid

My thoughts on this are most eloquently expressed in music. Enjoy.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



-----Original Message-----

From: Schmitzer, David [REDACTED]
Sent: Monday, March 01, 2010 12:37 PM
To: 'James C McCrea'; 'Roger McDaniel'; 'Don Bennett'; Kim, Dong
Subject: Eagle Rock Project

Jonathan just said at our staff meeting that, opposite the message received on Thursday, AREVA is now a "go" (seems on Friday POTUS himself approved moving it ahead). Jonathan would like to try to get it to the CRB in March (the 24th?) but did say that things like the updated review of the off-taker financials needs to be done first. Also, Dong needs to get Parsons to review the transmission question asap. AREVA is aware that this review needs to be done and will make themselves available as needed. Their explanation to me on Friday concluded that they believe there is no impact on the implementation schedule in the Credit Paper. I think it makes sense for everyone to take a few days and review where they are on updating the Credit Paper. Credit Committee presentation, credit subsidy (work involved/timeframes) then we meet first together as a team (the end of this week?) then with AREVA (early next week?). The timing of the meetings will obviously depend on everyone's availability.

David

David Schmitzer
Director, Loan Origination
Loan Guarantee Program
U.S. Department Of Energy
1000 Independence Avenue, SW
Washington, DC 20585



JM_00079886

From: Silver, Jonathan [REDACTED]
Sent: Friday, June 25, 2010 12:42 PM (GMT)
To: 'James C McCrea' [REDACTED]
Subject: RE: Meeting Schedule -- Treasury and Policy Issue Discussions

You better let him know that the WH wants to move Abound forward. Policy will have to wait unless they have a specific policy problem with abound.

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585
[REDACTED]

From: James C McCrea [REDACTED]
Sent: Friday, June 25, 2010 1:29 AM
To: Silver, Jonathan
Subject: FW: Meeting Schedule -- Treasury and Policy Issue Discussions

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]

From: McCrea, Jim [REDACTED]
Sent: Thursday, June 24, 2010 7:26 PM
To: jimccrea@[REDACTED]
Subject: FW: Meeting Schedule

From: Ian.Samuels [REDACTED]
Sent: Thursday, June 24, 2010 7:25:29 PM
To: McCrea, Jim
Cc: Frantz, David; Gary.Burner [REDACTED]; Paula.Farrell [REDACTED]
Judson.Jaffe [REDACTED]; Jeff.Foster [REDACTED]
Subject: RE: Meeting Schedule
Auto forwarded by a Rule
Jim -

Thank you for the email. I'd propose the following:

1. Scheduling the Abound briefing at a time and place that is convenient for Paula and Gary.

[REDACTED]

2. For the first 20 minutes of that briefing, have you provide an introduction and briefly walk through the following guidelines that were provided in regards to:
 - a. 1603
 - b. Those that were laid out on the second page of the tax equity guidelines provided to the NEC working group
3. Discuss policy review process going forward, including laying out a timeline (that includes discussions next week)

I would note that we view the discussion of outstanding policy issues, outside of the transaction review process, as a key part of our consultative role. Accordingly, we must engage in a discussion on these important issues in the near term, and look forward to doing so.

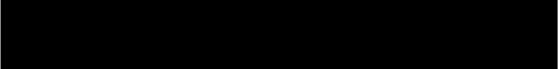
Additionally, we are looking forward to receiving the one-pagers and the description of the USG warrants.

Let me know if you have any questions or comments.

Thanks,
Ian

SENSITIVE / PRE-DECISIONAL

Ian Samuels
Department of the Treasury | Domestic Finance



-----Original Message-----

From: McCrea, Jim [mailto:Jim.McCrea@Hq.Doe.Gov]
Sent: Thursday, June 24, 2010 5:34 PM
To: Samuels, Ian
Cc: Frantz, David
Subject: Meeting Schedule

Ian --

In light of the transaction pressure under which we are all now operating as we discussed in the call, Dave and I were thinking that it might make sense to do an Abound briefing tomorrow afternoon and move the guideline discussion to next week. Would Treasury/FFB be available for an Abound discussion any time from 1:30 on tomorrow?

Given the sensitivities, I am just sending this to you.

Jim

James C. McCrea
Senior Credit Advisor
Loan Programs
U.S. Department of Energy



From: James C McCrea [REDACTED]
Sent: Thursday, September 9, 2010 1:18 AM (GMT)
To: 'boakley@[REDACTED]'
Subject: Shepherds Flat

Could not get Doug and Dave to agree to go to OMB tomorrow without Roger and Lew Robertson since they were only available by phone. I told them that if we tried to push OMB to deliver to support a CRB, this unwillingness would be thrown back at us. Still could not budge them. No real sense of urgency. Pretty amazing. Jonathan was a bit unhappy that we did not go on Thurs but understands exactly why.

Pressure is on real heavy on SF due to interest from VP.

Also, remind me to tell you about Treasury when we talk. Changes over there that are helpful.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



From: John Woolard
Sent: Tuesday, May 24, 2011 2:56 PM
To: 'smcbee' [REDACTED]
Subject: Fw:

From: John Bryson [REDACTED]
To: John Woolard; [REDACTED]
Cc: Arthur Haubenstock
Sent: Mon May 23 22:01:17 2011
Subject: Re:

Thanks, John.

We will send this out-with whatever edits I may make-- tomorrow morning.

Time clearly is of the essence.

John

Maddie, you may have seen my earlier email. I will call you on your cell phone some time near 7:45am (or a little earlier) tomorrow.

From: "John Woolard" [REDACTED]
Sent: 05/23/2011 06:25 PM MST
To: John Bryson; Maddie Peters
Cc: "Arthur Haubenstock" [REDACTED]

Dear Maddie – please see email below from John Bryson to Bill Daley at the Whitehouse. Arthur and John might have a few minor comments, but John will contact you with further instructions on sending it out. Thanks, John

Dear Bill – Our company, BSE, has begun construction on the largest solar project in the world, a 400 MW project called Ivanpah. The project is the recipient of a significant DOE loan guarantee of \$1.6billion, and DOE has already funded \$400million of the flagship project.

This project is now at significant risk due to delays in permitting at the Department of Interior. What appears to have happened is that at USFWS there has been a delay past the committed date for the release of the Biological Opinion. The committed date was May 24th, and any delay past that date puts the project at significant risk. This project has been very high profile for the administration, President Obama highlighted it in his weekly address, Sec Salazar attended and spoke at the groundbreaking, and DOE has already spent \$400million. As this project crosses across quite a few departments in the administration that are not well coordinated, could you please contact Secretary Salazar directly and let him know that it is imperative that we get this Biological Opinion out this week, or a high profile project that is at the center of the administrations cleantech agenda with over 1,000 green, union jobs will likely fail.

Best Regards, John Bryson

From: john bryson/sce/eix
Sent: Wed May 25 2011 10:53:35 PDT
To: "john woolard" <[REDACTED]>
Subject: Re: Follow up

Terrific! Nice work.

Is the comp cmtee going ahead tomorrow morning? You indicated on Mon. it might be deferred.

I can be ready either way.

----- Original Message -----

From: "John Woolard" <[REDACTED]>
Sent: 05/25/2011 10:30 AM MST
To: John Bryson
Subject: RE: Follow up

John - We are making good progress in DC. Whitehouse does seem to be very focused on this issue, in fact it is being elevated through the office of political affairs as well as VP Bidens - so we are starting to get them focused on the massive political risk - it helps that Bloomberg called Ivanpah "Obama's energy project" so it does have their attention. Still a work in progress. JW

-----Original Message-----

From: John.Bryson <[REDACTED]>
Sent: Wednesday, May 25, 2011 8:16 AM
To: John Woolard
Subject: Follow up

John,

My regrets re not being able to provide the help yesterday. I know that finding a path to prompt and positive action on the biology resolution is critically important.

Pls let me know if there is anything else I could do to be helpful.

I have just had breakfast here with a CalSters person, Mahmoud, who is a believer in Brightsource. He had called me And we had spoken two times previously.

I hope you are finding a positive bath through the Dept of Interior.

John

From: john bryson/sce/eix
Sent: Sun Jun 12 2011 21:40:59 PDT
To: "dan judge" [REDACTED]
Subject: Re: BrightSource Report -- Ivanpah Developments and SEC Status

Wonderful news. Congrats to all on this outcome. It wasn't easy, I know.

From: "Dan Judge" [REDACTED]
Sent: 06/12/2011 06:40 PM MST
To: John Bryson; "John Woolard" [REDACTED]; "Arnold Goldman"
[REDACTED]; "Nicholas Brathwaite" [REDACTED]; "Stephan Dolezalek"
[REDACTED]; "David Fries" [REDACTED]; [REDACTED]
"James Eats" [REDACTED]; "Tom O'Flynn" [REDACTED]
Cc: "Keely Wachs" [REDACTED]; "Jack Jenkins-Stark"
[REDACTED]; "Anne Fazioli-Khiari (Consultant)"
[REDACTED]; "Kenzel Hagaman" [REDACTED]
Subject: BrightSource Report -- Ivanpah Developments and SEC Status

Gentlemen,

Apologies if you have already heard this, but on Friday we received some very good news at Ivanpah. The U.S. Fish and Wildlife Service issued their revised Biological Opinion (BO), prompting the Bureau of Land Management to issue a new notice to proceed (NTP) allowing continued construction at Ivanpah units 2 and 3. Anticipating this outcome, our team and Bechtel were mobilized and are now taking the necessary steps to progress construction. Biologists and fencing crews have been working through the weekend, and will continue into the week, building fences and clearing tortoises in order to allow additional work through the summer months.

As a result of the new BO and NTP, we expect to maintain the critical path schedule with no change.

It is possible that the new BO and NTP may cause the plaintiffs in the current litigation to file additional papers. We believe that we are well-positioned and prepared should any additional legal actions occur. We will provide additional updates if there are any significant developments.

In related news, we filed Amendment No. 2 to the registration statement on Form S-1 with the SEC late Wednesday night, addressing comments made by the SEC staff and including first quarter financials. One of the key unresolved, open issues in our communications with the SEC staff was the status of

permits to continue construction at Ivanpah. With the new BO and NTP, we expect to be able to eliminate that issue in our next round of correspondence.

Thank you for your continued support.

Best regards,

Dan

From: James C McCrea [REDACTED]
Sent: Saturday, December 5, 2009 3:34 AM (GMT)
To: 'barbiar' [REDACTED]
Subject: Next Week and Please Call

Paul –

What a day. Memo got done and went upstairs. There is other significant news from here today so we definitely need to talk over the weekend.

I am on an 8am flight down on Mon morning given everything that is going on. Roger is likely on the same flight. You can make a decision once we talk.

The following is text from an e-mail I sent Kelly this evening that I thought that you might want to think about given the BrightSource events today.

The situation may be volatile. I knew that Reid was having serious issues as I keep an eye on the political situation nationally in spite of generally not talking about it. I was doing my normal daily check on things and not looking for Reid when I found the following posted today:

Senate Majority Leader is already facing an uphill climb as he attempts force health care reform through an irascible Senate in Washington. But a new poll shows that fight could be nothing compared to what he faces back home in Nevada. In a new Mason-Dixon poll of Nevada voters out today, Reid has just a 38% approval rating -- and is losing in a hypothetical matchup with both of the leading contenders for the Republican nomination.

It's not news that Reid is facing a tough reelection battle. But the new poll today shows he's made very little progress in regaining the trust of his constituents after weeks of trying.

The August Mason-Dixon poll, out in August, showed him with a 37% approval rating. In response to numbers like that, Reid launched what the Las Vegas Review-Journal called a "promotional bombardment" featuring TV ads and other outreach. That effort appears to have not done the job.

That may put recent events in a different perspective, both in terms of how Reid will handle this as well as how the WH might respond to him given the circumstances and their respective agendas.

There may be larger considerations. However, if those truly come into play, there may be an ability to move several transactions with political issues simultaneously, allowing LGPO to finish the year with a trifecta!

Since this is not going into the DOE, and just to be clear, the translation is: Reid may be desperate. WH may want to help. Short term considerations may be more important than longer term considerations and what's a billion anyhow? If it has to go down that way anyhow, maybe AREVA can be moved at the same time allowing for a trifecta including Vogtle and allowing for a dramatic advancement of the cause of getting on the boards.

I ended up at the Embassy Suites again for Fri night. I am northbound on the 9am Acela Saturday morning to Stamford. I am up tonight until about 11:30. Talk whenever.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

JM_00123362

From: Otness, Chris <[REDACTED]@Hq.Doe.Gov>
Sent: Tuesday, May 4, 2010 10:38 PM (GMT)
To: Silver, Jonathan [REDACTED]@hq.doe.gov>; Tobin, Daniel [REDACTED]@hq.doe.gov>; Frantz, David [REDACTED]@hq.doe.gov>; [REDACTED]
Subject: RE:
Attach: S1 Meeting with Senators Reid and Bingaman re Loan Programs.doc; LGP Overview.pptx; NV and NM projects - Signet_Fulcrum_Molycorp.doc; fs Southwest Intertie Project-South1.docx; Reid Letter to President.pdf; LES Letter to S1.pdf

Jonathan - Attached is a rough draft of the Reid Memo and the corresponding documents. Frantz/McCrea have looked over the memo but have not yet seen some of the corresponding documents.

We will definitely need your guidance for edits in certain areas. Kate Eltrich from Leg Affairs in OMB will be attending according to Jonathan Levy.

This is due in its final version for S1 by 6:15am PST/9:15am EST tomorrow morning.

Best,

Chris Otness
Loan Programs
U.S. Department of Energy
[REDACTED]

-----Original Message-----

From: Silver, Jonathan
Sent: Tuesday, May 04, 2010 1:42 PM
To: Tobin, Daniel; Frantz, David; [REDACTED]
Cc: Otness, Chris
Subject:

The mtg on Thursday afternoon, originally scheduled weeks ago as a mtg with the Majority Leader and me has turned into a much bigger affair. It now includes Secretary Chu, Peter Orszag, Senator Reid and Senator Bingaman.

Can we find out if anyone else from omb is going.

I need a list of all the projects that have ever applied from Nevada and New Mexico and what happened to them.

I also need a couple of paragraphs on SWIP, molycorp, fulcrum and whatever else has been an issue.

I need some stats on how many projects we have funded or have in DD as a percentage of totals. Reid is constantly hit at home for not bringing in federal dollars.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy
[REDACTED]

JM_00230710



Meeting with Senator Reid and Senator Bingaman

Capitol Building S-211

5:30 pm – 6:30 pm on Thursday, May 6, 2010

Meeting requested by Senate Majority Leader Harry Reid

Briefing prepared by Chris Otness (████████)

EVENT

You will be meeting, at the request of Senator Reid's office, with Senator Reid, Senator Bingaman, OMB Director Orszag and Jonathan Silver to discuss the Department of Energy Loan Programs.

Press: Closed

YOUR ROLE/CONTRIBUTION

- The objective of this meeting will be to address the questions and concerns that Senator Reid and Senator Bingaman have on whether or not the DOE Loan Programs is functioning properly.
- Your role will be to reinforce DOE's message that the Loan Programs is operating at a good pace and that we anticipate a good number of deals to be approved in the coming months.

PROGRAM NOTES

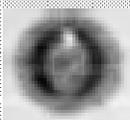
- **Attendees:**
 - **Senator Reid**
 - **Senator Bingaman**
 - **Peter Orszag**
 - **Jonathan Silver**
 - **Dan Utech**
 - **Kate Eltrich – OMB Legislative Affairs**
- Topics that YOU can expect to address in this meeting including the following:
 - An update for Senators Reid and Bingaman on the progress of the DOE Loan Programs.
 - An explanation of the delay in responsiveness to Senator Reid's letter to President and YOU regarding the speed of the DOE Loan Programs last September. This will be determined at your pre-brief on Thursday.
 - An update on coordination between the Loan Programs and OMB.
 - A discussion of specific applications from Senator Reid's and Senator Bingaman's respective states including, but not limited to, Molycorp (NV), Fulcrum (NV), and SWIP (NV).
 - A discussion of a letter sent from LES to YOU regarding the additional loan guarantee authority for front-end nuclear facilities.



ATTACHMENTS

1. **LGP Application Data**
2. **Letter from Senator Reid**
3. **Molycorp, Fulcrum, Signet Brief**
4. **SWIP Brief**
5. **LES letter**

DOE Loan Programs: Number of Applications and Projects
(As of May 4th, 2010)



All 1703/1705 Applications	Total	Percentage
Applications Rejected	188	56%
Applications Withdrawn	19	6%
Applications in Part I & Part II	72	22%
Applications in Due Diligence	47	14%
Projects with Conditional Commitment	8	2%
Total Applications	334	100%

All Nevada/New Mexico Applications	Total	Percentage
Applications Rejected	6	60%
Applications Withdrawn	1	10%
Applications in Part I & Part II	1	10%
Applications in Due Diligence	2	20%
Projects with Conditional Commitment	0	0%
Total Applications	10	100%

DOE Loan Programs: Nevada and New Mexico Applications



Solicitation	Project Sponsor	Project Name	Loan Request (\$ Thousand)	Category	Subcategory	Project City	State	Status
FY09	NRG Energy, Inc.	New Mexico SunTower	\$178,000	Solar Generation	Concentrated Solar Power	Santa Teresa	NM	Eligible, Waiting on Pt. II application
FY08	NRG Energy, Inc.	New Mexico SunTower	\$180,000	Solar Generation	Concentrated Solar Power	Santa Teresa	NM	Rejected
FY08	Signet Solar, Inc.	SunKachina	\$168,000	Solar Manufacturing	Thin-film micro-crystalline silicon technology	Belen	NM	Rejected
FY09	Ormat Nevada Inc	Jersey Valley	\$70,000	Geothermal	Advanced Geothermal	Pershing County	NV	Rejected, Non-Innovative
FY09	Ormat Nevada inc	McGinness Hills	\$107,000	Geothermal	Advanced Geothermal	Lander County	NV	Rejected, Non-Innovative
FY09	Ormat Nevada, Inc	Carson Lake	\$69,000	Geothermal	Advanced Geothermal	Fallon	NV	Rejected, Non-Innovative
FY09	Solar Reserve LLC	Tonopah	\$568,000	Solar Generation	Concentrated Solar Power w/ thermal energy storage	Nye County	NV	Invited to DD, self selection
FY09	LS Power Associates, LP	Southwest Intertie Project (SWIP)	\$1,124,400	Transmission	500 miles of 500KV AC Line	--	NV / ID	Invited to Due Diligence
FY08	Fulcrum BioEnergy, Inc.	Project Sierra	\$70,000	Biomass	Cellulosic Ethanol	McCarran	NV	Rejected
FY08	Solar Millennium LLC	The Amargosa Solar Power	\$1,762,000	Solar Generation	Concentrating Solar Power	Amargosa Valley	NV	Invited to Due Diligence, later withdrew

Confidential

JM_00230714

New Mexico / Nevada Projects With Issues { DATE \@ "M/d/yyyy" }

Fulcrum - Fulcrum Sierra BioFuels LLC ("FSB") is developing a facility to produce 10.5 million gpy cellulosic ethanol from 90,000 tons per year of municipal solid waste. The Sierra Project ("SP"), is located in McCarran, Nevada. The project was reviewed technically and financially and ultimately rejected. Applicant claimed factual error and project was reviewed again by Golden. Golden's opinion was unchanged.

Strengths:

- More conservative capital structure than most biofuel proposals @ 60/40.
- The project has executed two no-net cost feedstock agreements that will provide 100% of the MSW feedstock.
- Coverage ratios appear adequate using sponsor base case.
- The site has both interstate and rail access.
- High value alternative products, such as methanol, propanol and butanol may be able to be produced should the ethanol market not support the facility.

Weaknesses:

- The R. W. Beck report highlighted the need for additional pilot plant work to confirm design parameter prior to proceeding with detailed engineering.
- The scale up of the project is estimated at 200 to 1, presenting a very large risk with a new technology, especially with the limited operating hours of the pilot plant;
- Continuous process demonstration scale testing was only done for 4-6 hours, much too short for assessing potential process operating issues;
- Project possesses an ethanol marketing agreement but this does not mitigate volume or price risk.
- Loan tenor long at 20 years (18 years post construction) resulting in lower DSCRs should DOE decide to reduce tenor.

Signet Solar – Sought \$168MM loan guarantee to establish a manufacturing facility in Belen, New Mexico (just south of Albuquerque) to mass produce PV modules based on amorphous Si (a-Si) thin-film technology. The project was initially accepted but later found to be deficient. A letter requesting additional info was issued mid August 2009. Signet responded, we reviewed the material and ultimately rejected the project in mid January 2010.

Strengths:

- Sponsor recently completed a 20 MW facility in Germany in a relatively short construction time frame that is operating as expected. Applied Materials provided the manufacturing line in Germany and will also provide the New Mexico line.
- CH2M Hill has been identified as the EPC contractor and Applied Materials will provide the manufacturing line.
- Substantial economic incentives in the form of tax credits, tax abatements and job training subsidies appear to be available.
- Equity commitments in the amount of \$55 million from company principals.

Weaknesses:

- Manufacturing technology is not proprietary and is licensed from Applied Materials suggesting low barriers to entry and dependence upon AMAT for technology upgrades and equipment.
- No offtake contracts, although interested parties have provided non-binding letters of intent or memorandums of understanding regarding quantities and pricing.
- Equity capitalization may need to be increased and should probably be deployed to build most of the first 6.5 MW of capacity.
- Veracity of equity providers is not known without further due diligence.

New Mexico / Nevada Projects With Issues { DATE \@ "M/d/yyyy" }

- Financial pro forma very aggressive with ASPs well above market.

New Mexico / Nevada Projects With Issues { DATE \@ "M/d/yyyy" }

Molycorp

The project proposes the redevelopment of a rare earth mineral deposit to develop metals and permanent magnets that have a wide range of applications in clean energy technologies. A refurbished milling operation, new technology for cracking / solvent extraction processes, and metal/alloy/magnet production facilities will permit the production of 20 tons of rare earth oxides per year.

Status

The applicant submitted their Part I submission on 9/9/09 and was sent a rejection letter on 12/18/09. The project did not pass the LGP's technical eligibility review since it did not qualify as a new or improved technology.

Issues

After receiving their rejection letter, Molycorp submitted a rebuttal letter on 1/5/10 and requested a debrief from the LGP in a separate letter dated 2/18/10. The debrief was held on 3/3/10.

In a follow-up letter from the DOE LGP (dated 4/30/10) to Molycorp DOE further clarified the reasons for rejection. The following was communicated:

“Section 1703(b) of Title XVII lists ten categories of projects that are eligible for a loan guarantee under that section. We do not believe that a mining project qualifies under any of those categories. While we recognize that the first category of “renewable energy systems” may include materials within the renewable energy supply chain, we do not believe that it is broad enough to encompass mineral extraction processes. Moreover, our program has not been designed, and we do not believe that it is well suited, to support such activities. However, as we have indicated to you, we are open to receiving a restructured application for a manufacturing project dedicated to wind turbine magnet production or metal/metal alloy production for use in wind turbine magnets. Of course, any such application would have to satisfy our “innovativeness” criteria under Section 1703 as well as our due diligence, underwriting and other criteria. “

Southwest Intertie Project (SWIP)

Phase 1: SWIP-South (Ely to Las Vegas)

(Non-public Information)

- Single circuit, overhead 500 kVAC transmission line capable of carrying 600 MW of power
 - With Phase 2—from southern Idaho to Ely (SWIP-North), and from Las Vegas to Southern California Edison's grid (Southern Nevada Intertie Project—SNIP) the line will carry 2,000 MW of power.
- Owners in the transmission line are LS Power Associates (75%), and NV Energy's Nevada Power Company (23.75%) and Sierra Pacific Power Company (1.25%).
- SWIP-South will cost \$556 million and presently could receive a loan guarantee on debt of as much as \$334 million (80% of the portion of the line owned by LS Power, the only current applicant).
 - If the NV Energy companies combine their 25% share of the line with the current applicant, loan guarantees on SWIP-South could be on debt of as much as \$445 million (80% of the entire line).
- Status of key initiatives
 - Outside lawyers and IE were engaged last week to begin due diligence; financial advisors have been in place since last year.
 - Project economics have been reviewed and proposed structure financing structure is being formulated.
 - A draft of the Transmission Use Agreement (between LS Power and NV Energy affiliates has been reviewed, but it is not finalized. This is the critical document for the entire project. No meaningful negotiation of terms can take place until it is, at the very least, in near-final form. LS Power anticipates reaching agreement with the NV Energy affiliates on the TUA in May.
 - We are pre-loading all we can in the process (e.g., drafting credit paper, reviewing NVE credit issues, etc.), but more review is essential, and we need to see the TUA before we can advance the term sheet.
- SWIP-S is the only project from the transmission solicitation that is in Due Diligence.

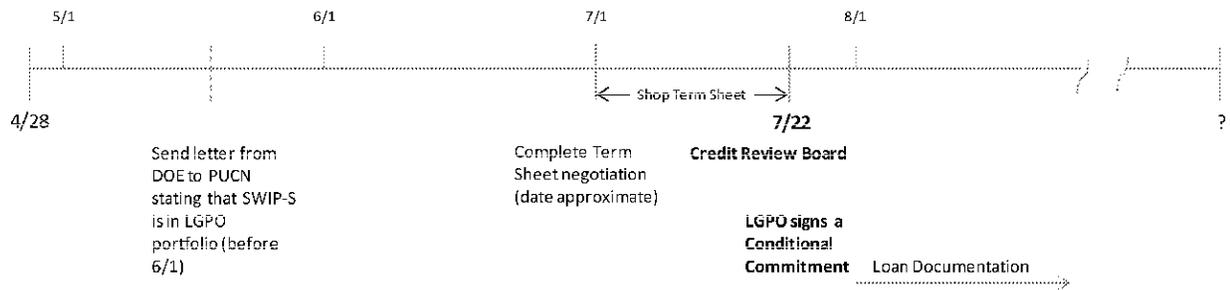
May 4, 2010



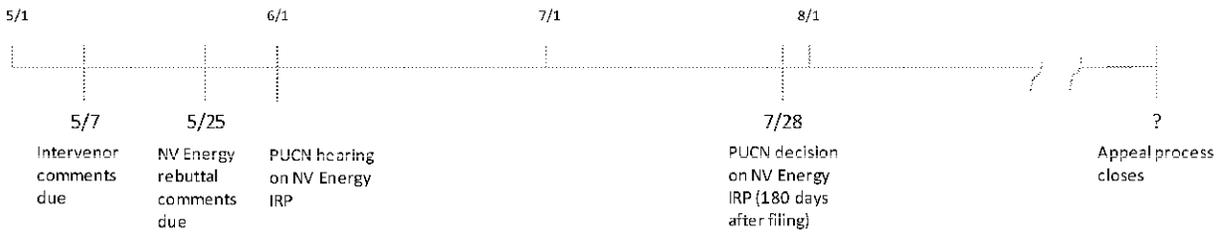
May 4, 2010

SWIP-S LGPO Timeline

DOE



PUCN



May 4, 2010

United States Senate

WASHINGTON, DC 20510-7012

September 23, 2009

The President
The White House
Washington, D.C.

Dear Mr. President,

I am writing to convey my concerns about the slow pace of implementation of the Department of Energy's loan guarantee programs. These concerns are shared by many Senators, renewable energy developers, and clean energy investors across the country.

As you know, I was pleased to help appropriate an additional \$6 billion for an expanded loan guarantee program for the rapid deployment of renewable energy and electric power transmission, as well as leading edge biofuel projects. Since passage of the Recovery Act, \$2 billion of that original appropriation has been redirected to pay for the Consumers Assistance to Recycle and Save Act (CARS). I look forward to working with you to restore those funds so that the restored \$2 billion can leverage more than \$20 billion in clean energy projects, jobs and economic activity.

Since the innovative loan guarantee program was first established in the 2005 Energy Policy Act and the commercial program was created in the Recovery Act, there appears to have been a general and consistent reluctance on the part of the Office of Management and Budget and to a lesser extent the Department of Treasury to expeditiously fulfill and implement Congress' express intent and statutory direction in regard to these programs. While I applaud the remarkable work of OMB, Treasury and the Department of Energy in moving forward quickly on the Recovery Act's battery and electric vehicle manufacturing grants, as well as the renewable energy grant program in lieu of tax credits, the loan guarantee programs seem handicapped by an extreme aversion to risk.

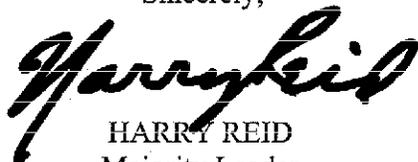
I believe it is very important to ensure that projects for which the Federal government provide loan guarantees are the best possible investments, but there is no such thing as a risk-free investment – public or private. Excessively complicated or unclearly justified regulations and processes designed to ensure zero-risk to the Treasury from guaranteed loans only ensures that billions of dollars appropriated sit idle rather than attracting critically important private investment and growing tens of thousands of clean energy jobs. Renewable industry experts estimate that 18,000 MW of clean renewable energy projects creating 100,000 construction jobs and 7,000 permanent jobs could be created in the very near future if the commercial (section 1705) loan guarantee program alone were functioning at full capacity as Congress intended.

Congress supports the loan guarantee programs and will continue to fund them until there is a better substitute and investors are much more heavily focused on funding significant clean energy development. Furthermore, Congress is unlikely to support using loan guarantee funds again as an offset for other spending.

I hope that you can help clear away the obstacles impairing swift action on making Federal guaranteed loans for clean renewable energy projects. The people of Nevada and many other states are impatiently waiting for the economic development and the jobs that will come with full, effective and rapid implementation of the innovative and commercial loan guarantee programs.

Thank you for your attention to my concerns.

Sincerely,

A handwritten signature in black ink that reads "Harry Reid". The signature is written in a cursive, flowing style.

HARRY REID
Majority Leader

cc: The Honorable Timothy Geithner
Secretary of the Treasury

The Honorable Steven Chu
Secretary of Energy

The Honorable Peter Orszag
Director of the Office of Management
and Budget

From: James C McCrea [REDACTED]
Sent: Thursday, October 14, 2010 3:50 AM (GMT)
To: 'Heimert, Kimberly' [REDACTED]
Subject: RE: SWIP -- FERC Approvals

And we are in agreement as usual. You should have seen what came in from Treasury tonight that they want us to do for every deal. Over the top and will slow us way down.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]
Wilton, CT 06897
Phone: (203) [REDACTED]
Fax: (203) [REDACTED]
jimmccrea@[REDACTED]

From: Heimert, Kimberly [REDACTED]
Sent: Wednesday, October 13, 2010 11:47 PM
To: 'jimmccrea' [REDACTED]
Subject: Re: SWIP -- FERC Approvals

Understand. And am getting the details on the ferc approval confirmed from Shearman. I think it is largely administrative, in reality. However, I think it would be a mistake to rest on administrative, will fund about the same time as issue the guarantee, etc. We (and OMB) have huge political pressure to get this deal done. It is a good opportunity for us to make them feel the pressure to either let us do what we think is a good credit/business decision or to not let us issue a cc in a timely manner. Just my view....

From: James C McCrea [REDACTED]
To: Heimert, Kimberly; rsass@[REDACTED]; stewartjulie [REDACTED]; sashulman [REDACTED]; Stamos, John
Sent: Wed Oct 13 23:38:44 2010
Subject: RE: SWIP -- FERC Approvals

Kimberly –

I have already made exactly that same point to Jonathan earlier this evening. That is indeed the key. The e=second thing is that for good transaction structuring, I take a very dim view of setting up CP that you expect to have to waive.

However, the policy issue is a huge one for the FLIP structure.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]
Wilton, CT 06897
Phone: (203) [REDACTED]
Fax: (203) [REDACTED]
jimmccrea@[REDACTED]

[REDACTED]

From: Heimert, Kimberly [mailto: [REDACTED]]
Sent: Wednesday, October 13, 2010 11:18 PM
To: 'jimmccrea@ [REDACTED]'; 'rsass@ [REDACTED]'; 'stewartjulie@ [REDACTED]'; 'sashulman@ [REDACTED]'; Stamos, John
Subject: Re: SWIP -- FERC Approvals

As a practical matter, we could probably change the term sheet to make it a CP to closing. However, I don't think that is a wise decision from a policy perspective. There will be deals in the future that will or will not be able to be done on the basis of this issue.

I think the other questions are secondary to the primary policy issue. And the fact that there is NO additional risk to us to make it a CP to funding rather than closing.

If we give this up on this deal, it will make it very hard to maintain it on other deals. This is probably THE most important CP to the "flip" structure.

Happy to talk in the morning.

Kimberly

From: James C McCrea [REDACTED]
To: Renee Sass [REDACTED]; 'Julie Stewart' [REDACTED]; Heimert, Kimberly; 'Steve Shulman' [REDACTED]; Stamos, John
Sent: Wed Oct 13 22:28:26 2010
Subject: SWIP -- FERC Approvals

I am working on some stuff for Jonathan in response to a call he received from Alex Mas of OMB. The issue seems to be that OMB wants FERC approvals to be a CP of closing rather than funding even if they have to be a waived. So, I went to the term sheet and the credit paper to understand the issue. The term sheet clearly makes FERC approval a CP of first funding (10(f)(i)). However, the Credit Paper, in numerous places (pages 8, 12, 49) makes it clear that FERC approval is a CP to closing and in one place (page 5) lists it as a CP to advances.

The presentation is not clear on the topic only indicating that there will be FERC approval.

Exactly what FERC approvals are required?

When are they required? As a CP to closing or to funding?

How certain are we that in this case, closing and funding will only be days apart?

I believe that the term sheet is likely correct and the credit paper likely incorrect. Accordingly, we are going to have to issue a correction/clarification. In doing so, we need to explain the FERC approvals, when they are expected, what CP they will satisfy, and if it is a CP of funding, we will need to articulate why we expect closing and funding to occur close together and the basis for that view.

This correction/clarification will have to be ready on Thurs. for issuance to OMB, Treasury, and Credit Committee and we will need to concisely address it at the Treasury briefing without dwelling upon it.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]

[REDACTED]

Wilton, CT 06897

Phone: (203) [REDACTED]

Fax: (203) [REDACTED]

jimmccrea@[REDACTED]

[REDACTED]

From: McCrea, Jim [REDACTED]@Hq.Doe.Gov>
Sent: Thursday, September 2, 2010 5:35 PM (GMT)
To: [REDACTED]
Subject: FW: Shepherds Flat

From: Silver, Jonathan
Sent: Thursday, September 02, 2010 1:35:28 PM
To: McCrea, Jim
Subject: RE: Shepherds Flat
Auto forwarded by a Rule

What does this actually mean? Are we ready to close? The secretary will sign the loan tomorrow afternoon. We need to do that so that Reid can announce in Nevada on Monday.
Are we good to go?
Fraser just came by to say it was in Stripes (or whatever) and ready to send. I'm not sure I understand who is sending what to whom.
Can you call me.

Jonathan Silver
Executive Director
Loan Programs
US Department of Energy
[REDACTED]

-----Original Message-----

From: McCrea, Jim
Sent: Thursday, September 02, 2010 1:15 PM
To: Silver, Jonathan; Hurlbut, Brandon; Otness, Chris
Subject: Shepherds Flat

Shepherds Flat has been transmitted to OMB. I am starting transmittal to Treasury. In both cases, I am requesting a time to brief them as soon as possible.

Jim

Jim McCrea
Senior Credit Advisor
Loan Programs
U.S. Department of Energy
[REDACTED]

JM_00187108

THE DEPARTMENT OF ENERGY

Office of Public Affairs

News Media Contact:
(202) 586-4940

For Immediate Release:
Tuesday, September 7, 2010

Department of Energy Issues Loan Guarantee Supported by Recovery Act for Nevada Geothermal Project

First Deal to Close Under DOE's Financial Institution Partnership Program

Washington D.C. --- Energy Secretary Steven Chu today announced a partial guarantee for a \$98.5 million loan to the 49.5 megawatt Blue Mountain geothermal project in Humboldt County in northwestern Nevada. The loan guarantee is being issued to John Hancock Financial Services to support a loan to a subsidiary of the Nevada Geothermal Power Company.

“Our support for the Blue Mountain project is part of the Administration’s commitment to reducing carbon emissions while creating clean energy jobs,” said Secretary Chu.

“Thanks to the leadership of Senator Reid and others in the Nevada delegation, Nevada continues to be a leader when it comes to generating clean, renewable sources of energy,” said the Secretary.

“As I led passage of the stimulus bill, I worked to include the loan guarantee program to help finance clean energy projects like Blue Mountain geothermal that will put Nevadans back to work and bring us closer to energy independence,” said Nevada Senator Harry Reid. “Secretary Chu has been to Nevada many times and I thank him for recognizing the Silver State as a leader in developing these clean energy resources.”

The Blue Mountain project consists of a geothermal well field and fluid collection and injection systems that enable energy to be extracted from rock and fluid below the Earth’s surface, and a power plant that converts geothermal energy into electricity. The energy produced by the power plant is free of greenhouse gas emissions and other air pollutants. The project has a 20-year power purchase agreement to sell electricity and renewable energy credits to the Nevada Power Company.

The loan guarantee was issued under the Financial Institution Partnership Program (FIPP), a Department of Energy program supported by the American Recovery and Reinvestment Act. FIPP is designed to expedite the loan guarantee process for renewable energy generation projects that use commercial technologies and to expand credit capacity for financing of U.S. renewable energy projects. In a FIPP financing, DOE provides a partial guarantee for up to 80 percent of a loan provided to a renewable energy project by qualified financial institutions.

Including today's announcement, the Department of Energy has issued loan guarantees or offered conditional commitments for loan guarantees to support 14 clean energy projects. For more information, please visit <http://www.lgprogram.energy.gov>.

###

From: Fridell, Monique [REDACTED]@hq.doe.gov>
Sent: Wednesday, March 23, 2011 9:59 PM (GMT)
To: 'jimmccrea@[REDACTED]'
Subject: Re: Tonopah credit issues

I understand

I wouldn't want to proceed if you were not comfortable but I would hope we can find another way to get you there

Today I'm out of ideas

From: jim McCrea [REDACTED]
To: Fridell, Monique
Sent: Wed Mar 23 17:44:47 2011
Subject: RE: Tonopah credit issues

Monique –

The other thing on which I need to be clear is that as a contractor and not a Fed, I don't get to make decisions but rather I only get to make recommendations to the Feds. I expect that there will be a discussion and there is no certainty that my recommendation will prevail.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]

From: Fridell, Monique [REDACTED]
Sent: Wednesday, March 23, 2011 5:36 PM
To: 'jim McCrea'
Subject: RE: Tonopah credit issues

OK

From: jim McCrea [REDACTED]
Sent: Wednesday, March 23, 2011 5:35 PM
To: Fridell, Monique
Subject: RE: Tonopah credit issues

Monique –

Actually, at a time like this, it is imperative that I send this note to the senior Federal team with my recommendation. My recommendation is to kill the transaction.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC
[REDACTED]

JM_00282716

MFH - CT - 00007
[REDACTED]

From: Fridell, Monique [REDACTED]
Sent: Wednesday, March 23, 2011 5:29 PM
To: 'jim McCrea'
Subject: RE: Tonopah credit issues

Jim, I know you feel strongly about this, but I don't see the need to copy people who are not even involved in this transaction. Susan, Dong and Owen have not been involved in our discussions on the EPC subject, and frankly it is really up to you, John and Alok, not those three at this point.

We have been told yesterday and today that the keepwell is not going to be possible. So the bottom line is compromise or kill the deal, and that is really your and Jonathan's call. Personally I would hope we can find some middle ground.

Monique

From: jim McCrea [REDACTED]
Sent: Wednesday, March 23, 2011 5:11 PM
To: Silver, Jonathan; Barwell, Owen; Frantz, David; Richardson, Susan
Cc: Fridell, Monique; Repetti, Ted; Alok Mathur; jravis@scullycapital.com; 'Brian Oakley'; Kim, Dong; 'Patrick Thomas'
Subject: RE: Tonopah credit issues

Jonathan *et al.*

As Alok notes below, the applicant is not accepting our request for a keep well relating to the guarantor which is not the ultimate parent. Excerpted from below, what we asked for is:

The parent, Grupo ACS, shall provide a "keep well agreement" that basically provides for the following: (a) Grupo ACS recognizes the guarantee being provided by Industrial Services division for the obligations of CUSA; (b) Grupo ACS agrees not to take any actions that could deteriorate the credit of the Industrial Services division; and (c) Grupo ACS shall undertake all actions within its power to ensure that the net worth of the Industrial Services division does not deteriorate from its present position until the project has achieved the Continuous Performance Test for the Tonopah solar project in the US.

We believe that the ask on the keep well is reasonable since without the keep well on these terms, the EPC contractor parent could take actions that severely weaken or destroy the credit upon which the transaction would be based rendering the credit analysis meaningless. The EPC contractor has a very heavy exposure on this transaction and Credit's strong recommendation has always been an LOC securing the EPC contractor's obligations. However, Solar Reserve has offered an intermediate credit rather than an LOC. Based on review of that credit by the Credit team, we are willing to recommend acceptance of that credit (ACS Servicios Comunicaciones y Energia S.L) but only with a keep well as outlined above. In the absence of a keep well, Credit cannot evaluate the credit and accordingly, would strongly recommend against accepting that credit and equally strongly recommend requiring an LOC to support the significant obligations of the EPC contractor.

While the mechanism for distribution of the 1603 grant proceeds prior to full completion of the project remains to be negotiated upon development of an appropriate test (Issue #2 below), we are extremely concerned about the related party issues on this transaction (Issue #3 below). Solar Reserve has a contract related to the project construction for up to \$430MM plus on-going O&M obligations. Credit remains extremely concerned about the difficulties in determining whether, in this

JM_00282717

case, the Solar reserve contractual arrangements approximate an arm's length and reasonable transaction.

Alok, John and I are available if there are questions.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Alok Mathur [REDACTED]
Sent: Wednesday, March 23, 2011 4:51 PM
To: Jim McCrea
Cc: John Ravis; Brian Oakley
Subject: Re: Tonopah credit issues

Hi Jim:

John and I need to give you a quick 'heads up". This is where we stand after a couple of rounds with Michael Whalen of SR:

1. On the EPC guarantor issue, we made absolutely no progress. SR and their lawyers claim that our request for a "keep well" from the parent is not justified, not market, and simply not deliverable. We have stated that we cannot accept the EPC guarantor without the "keep well". So, there is a standoff. They have told us that they will appeal to Jonathan (and, I suspect, Harry Reid), so you need to be prepared for that.
2. On the distribution of the cash grant and dividends during the CPM period, we told them that our technical team and the IE are looking at the issue to see if these can be released by passing a new test. SR wants to see if they can get the entire cash grant released after the test, but are flexible with regard to a deferral of dividends.
3. On the related party issue, they do not accept a different structure but will agree to full disclosure on costs, profits, etc. They will also look at any reps required by DOE.

We have decided not to release the draft Term Sheet, pending a satisfactory resolution to item 1 above.

You can call John or me, if you have a question or need more details of the interaction (which went on for several hours, in aggregate).

Best regards,

Alok

On Tue, Mar 22, 2011 at 1:40 PM, Alok Mathur [REDACTED] wrote:
Couple of typo's. See corrections in bold.

On Tue, Mar 22, 2011 at 1:33 PM, Alok Mathur [REDACTED] wrote:

Hi Brian:

John and I are facing 3 issues on the Tonopah solar project, for which we need a decision from Credit (prior to releasing a conditional Term Sheet). Here are the issues and the background:

JM_00282718

Issue #1: EPC Credit.

The Project will be built under a fixed-price, turn-key EPC contract from Cobra CSP USA (CUSA), a U.S.-based subsidiary of Cobra Thermosolar S.L. which builds thermosolar projects worldwide and is wholly-owned by Cobra Instalaciones y Servicios S.A. (CIS), which is responsible for industrial construction worldwide. The CUSA unit is being established to construct CSP projects in the US and Tonopah will be its first US project.

CIS has extensive experience in the construction and operation of CSP plants and it is a wholly-owned subsidiary of Cobra Gestion de Infraestructuras S.A. (CGI). CGI, in turn, is the largest operating company within ACS Servicios Comunicaciones y Energia S.L. (Industrial Services division) of Grupo Actividades de Construccion y Servicios S.A. (GACS), the parent company. GACS also has two other operating divisions.

Given the number of layers in the organization, we had required that the obligations of CUSA be guaranteed by the eventual parent, GACS. However, the applicant has informed us that the best they can offer is a guarantee from the Industrial Services division, which is one level below the parent holding level. Maquairie (the financial advisor to the sponsor) has performed an analysis of the Industrial Services division and has concluded that it is a BBB risk. Credit has reviewed this analysis and concurs with the rating.

We propose accepting the guarantee from the Industry Division because the parent has no real activities other than holding the 3 divisions, subject to the following conditions to be specified in the Term Sheet:

1. The financials of ACS Servicios Comunicaciones y Energia S.L shall be acceptable to DOE in its sole direction;
2. The parent, Grupo ACS, shall provide a "keep well agreement" that basically provides for the following: (a) Grupo ACS recognizes the guarantee being provided by Industrial Services division for the obligations of CUSA; (b) Grupo ACS agrees not to take any actions that could deteriorate the credit of the Industrial Services division; and (c) Grupo ACS shall undertake all actions within its power to ensure that the net worth of the Industrial Services division does not deteriorate from its present position until the project has achieved the Continuous Performance Test for the Tonopah solar project in the US.

Jim is aware of the issue and has been briefed, but we have not yet gotten a response from him.

Issue #2: Restricted Payments during the CPM test.

This project has a pretty rigorous Provisional Acceptance test, following which, the contractor must operate the project over a continuous 12-month period at guaranteed levels before passing the Continuous Performance Measurement (CPM) test. The CPM test lasts for up to 36 months because of the 12-months period. However, during the CPM test, the **EPC contractor must** pay operating costs and debt service, to the extent the plant does not generate sufficient revenue.

We have restrictions on the release of the cash grant (and any potential dividends) until the CPM test has been met. Since this may not happen for 36 months after Provisional Acceptance, the sponsor is unable to raise the balance of the equity.

We are working with the IE and the Technical team to design an intermediate test to verify the adequacy of the project and, depending on how well it is met, we would release a portion or all of the cash grant and potential dividends. So, the Term Sheet would state that any release of cash would be contingent on an interim test to be defined later.

Issue #3: Related Parties.

In the project, the sponsor, SolarReserve (SR) has multiple roles, including: sponsor and project developer, equity investor (10-15%), technology licensor (they purchased exclusive rights from Pratt & Whitney Rocketdyne (PWR, a subsidiary of United Technologies), equipment subcontractor (they have a subcontract that could be as large as \$430 million, with a back-to-back from PWR), and on-going maintenance support (also back-to-back with PWR). The latter two structures are because PWR can no longer license or manufacture CSP equipment, unless they go through SR.

We have so far told SR that this structure is not acceptable to DOE (given the recent experience with CVSR). SR has responded that **changes are** not possible and the discussion has been kicked upstairs to the Jim McCrea and Jonathan Silver level.

We suggest that we simply reinforce what we have already told SR. The present subcontract arrangement is not acceptable to DOE and they need to restructure along the following lines: (a) Technology license from SR directly to the EPC Contractor; (b) equipment supply and other services (such as engineering, O&M support, etc.) directly from PWR to the EPC Contractor, on the understanding that their technology license agreement will need to be amended to permit PWR to do this as an exception; and (c) any development services provided by SR (including prior development costs)

to be based on a direct services contract between SR and the Project Company. Right now, we have a structure that resembles scrambled eggs.

Here is what we need:

1. A decision on the above issues; and
2. The deal team has requested a half-hour conference call with Jim McCrea to explain our position and answer any related questions from origination, technical, and legal. We would like you to represent Jim.

Thanks,

Alok

From: Alok Mathur [REDACTED]
Sent: Wednesday, March 23, 2011 11:34 PM (GMT)
To: jravis@[REDACTED]
Cc: McCrea, Jim (CONTR) [REDACTED]; James C McCrea
[REDACTED]
Subject: Re: SR Tonopah

John and I have pretty thick skins (a necessary qualification in this business), but I have to agree with John.

Michael has a very arrogant attitude and has accused us of 'wasting his time', not being in touch with the 'market' for this type of financing (I did not know there was a market for 25 year project finance loans with a 37.5 basis spread), charging them fees for evaluating their credit, requiring farcical covenants, and other inflammatory statements. Mostly, we do not react but, on occasion, when he really starts getting emotional and thoroughly obnoxious, John and I have felt compelled to come back.

He treats the DOE with very little respect and seems to behave as if we are the applicant, beseeching him for the privilege of lending to his project, as opposed to the other way around.

He has taken this attitude because nobody (to-date) has told him where to get off and he is convinced that with Harry Reid's backing, he can get Jonathan to agree to anything. So, he keeps threatening the deal team. When he did that again today after berating our failure to understand the market, I told him to go ahead because we had reached a point of diminishing returns.

Alok

On Wed, Mar 23, 2011 at 7:17 PM, jravis@[REDACTED] wrote:
Jim,

Just to let you know, while we were discussing the EPC Contract issues with Solar Reserve, when we reached an impasse, their CFO Michael Whalen, threatened to go scorched earth on the DOE in the press about our uncommercial and unrealistic positions.

Best regards,

John

JOHN G. RAVIS
Scully Capital

[REDACTED]

JM_00282708

From: jim McCrea <jimmccrea@[REDACTED]>
Sent: Friday, December 10, 2010 5:18 AM (GMT)
To: 'Silver, Jonathan' <[REDACTED]@hq.doe.gov>
Subject: RE: OMB Policy Decision on Recovery Rates

Yes, that is the one I was thinking of.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Silver, Jonathan [mailto:[REDACTED]@hq.doe.gov]
Sent: Friday, December 10, 2010 12:16 AM
To: 'jimmccrea@[REDACTED]'
Subject: Re: OMB Policy Decision on Recovery Rates

With the french ambassador.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]@hq.doe.gov

----- Original Message -----

From: jim McCrea <jimmccrea@[REDACTED]>
To: Silver, Jonathan
Sent: Fri Dec 10 00:14:17 2010
Subject: RE: OMB Policy Decision on Recovery Rates

Great. I can fill you in at your convenience.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Silver, Jonathan [mailto:[REDACTED]@hq.doe.gov]
Sent: Friday, December 10, 2010 12:12 AM
To: 'jimmccrea@[REDACTED]'
Subject: Re: OMB Policy Decision on Recovery Rates

3:30

Jonathan Silver
Executive Director

JM_00059391

Loan Programs
U.S. Department of Energy

[REDACTED]@hq.doe.gov

----- Original Message -----

From: jim McCrea <jimmccrea@[REDACTED]>
To: Silver, Jonathan
Sent: Fri Dec 10 00:05:18 2010
Subject: RE: OMB Policy Decision on Recovery Rates

We should talk about the interagency review promised in advance of a meeting that I believe you have scheduled for tomorrow. It is possible that you will be asked about it and I have some thoughts for you on the meeting in general. Don't know what time the meeting is but I do need to talk with you briefly in advance of it.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

-----Original Message-----

From: Silver, Jonathan [mailto:[REDACTED]@hq.doe.gov]
Sent: Thursday, December 09, 2010 11:38 PM
To: Hurlbut, Brandon
Subject: Fw: OMB Policy Decision on Recovery Rates

One more thing.

It also doesn't mean anything. These guys don't decide real policy. If we decide we care -and at this point, its not my focus- I assume we can always engage at the low, chu, rouse level.

We should also see what happens with the cbo analysis. But, do they think this hurts us in some way? Its a kind of childishness I just haven't seen in my professional life in many years.

One other thing. Since aldy personally promised the edf management group that he would lead an inter-agency review of this topic, we should tell him that he should be the one to call and deliver the news. They will undoubtedly ask for omb's analysis...and we know there isn't one.

Who would have thought there would be such slavish devotion to an arbitrary number? It would be funny if it weren't tragic.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]@hq.doe.gov

----- Original Message -----

From: Barwell, Owen
To: Silver, Jonathan
Sent: Thu Dec 09 22:11:41 2010
Subject: OMB Policy Decision on Recovery Rates

Jonathan

I did not have the chance to de-brief a short call I received from Rick Mertens, around 5pm today.

He, and Aldy, Mas, and Nabors had met (not sure when) and made a policy decision on recovery rates (the term "policy decision" seemed to have some formal significance, though I am not sure what). We had conveyed an alternative approach to recovery rates

JM_00059392

beyond the 55% with notching. They believed there were issues with our proposal (though as I did not have our proposal, I could not argue one way or another) such that it was not any better than status quo. The current method would therefore prevail for 2012 budget purposes.

However, Rick did accept that the 55% with notching method was not perfect, and he would like to see this method improved. His suggestion was to understand the characteristics and attributes of what kind of project would lead to a recovery rate of 55%. I.e. try to improve the underpinning behind what has started out and remains an arbitrary number. He thought this would avoid having to re-litigate on the recovery rate and notching as projects were presented to OMB. I offered that this would only work (amongst other things) if there was an openness to our justification for any notching. He thought OMB's approach would help in this regard.

I asked that I run this past you, as I was not familiar with what we had proposed and its history (though I guess the driver was Constellation).

How would you like to play it? OMB's approach seems logical, but without a little more of the background, I do not know how we come out of this proposal. At the very least, there seems to be a willingness to improve the method, as well as some wriggle room for puts and takes.

Happy to lead.

Cheers, Owen

Owen F. Barwell
Chief Operating Officer, Loan Programs Office U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585



From: James C McCrea [REDACTED]
Sent: Tuesday, May 25, 2010 6:24 PM (GMT)
To: 'Julie Stewart' [REDACTED]; 'Renee Sass' [REDACTED]
Subject: RE: UniStar

Don't really know what all this will mean other than life will be crazy. Have to wait for the dust to settle a little bit.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Julie Stewart [REDACTED]
Sent: Tuesday, May 25, 2010 2:22 PM
To: James C McCrea; 'Renee Sass'
Subject: Re: UniStar

Thanks for the heads' up.... with this acceleration will AES stay on the same schedule as outlined earlier?

Julie Stewart
Stewart Energy Consultants LLC [REDACTED]

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We cannot accept any liability for any loss or damage sustained as a result of software viruses and would advise that you carry out your own virus checks before opening any attachment.

At 02:01 PM 5/25/2010, James C McCrea wrote:

Gas pedal on this transaction just got tromped upon. 7th floor has decided mid June CRB. Not sure what that means nor do I think it will get through, even on the 7th floor. It has fallen to me to tell Monique and I am looking for her now but she is in a meeting. More details as this develops. However there has been a commitment from S1 to Steny Hoyer on this. Nothing like over committing and under delivering. Close hold for now but you needed to know.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

JM_00076849

From: James C McCrea [REDACTED]
Sent: Tuesday, May 25, 2010 10:14 PM (GMT)
To: 'Fridell, Monique' [REDACTED]; 'Heimert, Kimberly'
[REDACTED]; 'Duong, Hai' [REDACTED];
'john.ashburne@[REDACTED]'; 'Sandra Claghorn'
[REDACTED]
Subject: RE: late breaking news

Monique --

I absolutely love the expression "pineapple" as it is so fitting. I have been trying for days to identify the objects surrounding me and I could not think of the name. Now I know!!! See you on the other one as well.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



-----Original Message-----

From: Fridell, Monique [REDACTED]
Sent: Tuesday, May 25, 2010 5:55 PM
To: Heimert, Kimberly; Duong, Hai; john.ashburne@[REDACTED]; 'Sandra Claghorn'
Cc: Jim McCrea
Subject: late breaking news

Team,

As of this afternoon, DOE has made political commitment to get Unistar through approval process by 6/15. This means I'll have to dedicate myself pretty much entirely to that deal to meet interim and final milestone. I will need your help in assuming most of the responsibility to get FW through closing OMB process. Hai and John, I will need you to help out Kimberly and Sandy in every financial way possible. Please keep me in the loop but basically I cannot do much at all for the next few weeks.

Sorry to leave you with this "pineapple" (expression in Brazil for a prickly problem)
Monique

JM_00076831

From: James C McCrea [REDACTED]
Sent: Tuesday, June 1, 2010 5:31 PM (GMT)
To: 'Fridell, Monique' [REDACTED]; 'Paul Ameer'
[REDACTED]; 'reneesass@[REDACTED]'; 'StewartJulie@[REDACTED]';
'boakley@[REDACTED]'
Cc: 'Frantz, David' [REDACTED]
Subject: UniStar Schedule

Just came down from the Secretary's office. He is adamant that this transaction is going to OMB by the end of day Fri if not sooner. Not a way to do things but a direct order.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

[REDACTED]

JM_00076530

From: James C McCrea [mailto:jimmccrea@optonline.net]
Sent: Wednesday, June 2, 2010 12:58 PM (GMT)
To: 'Fridell, Monique' [mailto:monique.fridell@optonline.net]
Subject: RE: UniStar

Monique --

On this, you have to give him a break. He has so much on his plate I can't even imagine how he keeps half of it straight. I routinely have to send him things a several times over. I think that on this case, Wallace got to Hoyer who sat hard on S! who now just wants if out of the Department.

Racing to a conf call. Will stop by to see you later this morning. Sounds like we are all making lots of progress.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC

From: Fridell, Monique [mailto:monique.fridell@optonline.net]
Sent: Wednesday, June 02, 2010 8:51 AM
To: 'James C McCrea'
Subject: RE: UniStar

Sorry to vent, but.....I have explained this situation to him SEVERAL TIMES!!!!!!!!!!!!!!!!!!!!!!!!!!!!!! I sent him the paperwork last month and highlighted the language!!!!!!!!!!!!!!!!!!!!!!!!!!!!!! I cannot believe he doesn't remember.....

If he wants the inside poop, just call me and I will let you know, IT IS NOT A COFACE CONDITION, IT IS A EDF AND CONSTELLATION BOARD CONDITION.....I've explained that several times to him.....

And as I said to you, our leverage over the situation is very strong, they have NOWHERE ELSE TO GO.....

From: James C McCrea [mailto:jimmccrea@optonline.net]
Sent: Tuesday, June 01, 2010 10:16 PM
To: Fridell, Monique
Cc: Frantz, David
Subject: UniStar

Monique --

Jonathan stopped by this evening and we had a good chat about where things stand on UniStar. I told him that we had achieved all my objectives with the briefing and that you had done an excellent job in an extended briefing. As a result of that effort, when OMB/Treasury/FFB gets the materials, they will not be starting from scratch and will clearly know what they are looking at and what the risks and issues are upon which they will want to focus.

One thing that Jonathan indicates that he is looking for is the Coface language that has the June 30 deadline.

JM_00076476

I told him that I had no clue whether we had it or not. I am not even sure what he is asking for but apparently, S1 and then Jonathan have been told that the urgency is a result of a Coface deadline of some sort. On the other hand, it is entirely possible that people are just saying that there is a Coface deadline. At any rate, Jonathan is asking for the exact language.

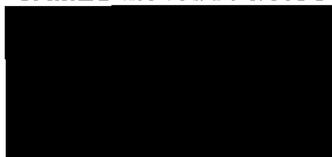
If you don't have it or don't know what he is talking about, I think the next step is for us to see Jonathan, get clear guidance from him as to what he is after, and to then have you go back to UniStar to get what he needs.

Also, Monique, here is what I told the Credit team and the same goes for you:

"This is a race to a Friday submittal. Call me anytime you need me. My alarm goes off at 6 and I don't hit the sack before 1. If you get voice mail, send an e-mail as I get them in meetings better than phone calls or voice mails. Since Renee tends to send out e-mails at 3AM, you can call me then. Just expect the phone to ring longer and for me to be groggy when I answer!"

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



JM_00076477

From: James C McCrea [REDACTED]
Sent: Friday, June 4, 2010 6:20 AM (GMT)
To: 'Fridell, Monique' [REDACTED]
Cc: 'pameer@[REDACTED]'; 'Renee Sass' [REDACTED]; 'Julie Stewart' [REDACTED]; 'Brian Oakley' [REDACTED]
Subject: UniStar -- Equity True Up

Monique --

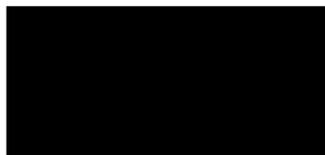
Apologies for being blunt. However, we are running out of time on the credit paper and also time to debate points. Given the short time frame in which we have left, points that Credit makes in the pursuit of full disclosure are not optional. The equity true up is a very clear example. It needs to be highlighted in the paper with numbers. Ordinarily, over an issue like this, I would refuse to sign the credit paper and refuse to send it to OMB tomorrow but given the direct order I was personally given by S1, I will both sign and send even if you do not make the inclusion. However, to be clear and up front, in all DOE briefings, at credit committee and CRB, and at the OMB/Treasury/FFB briefing, Credit will be handing out a 1 pager on the topic. I have mentioned the equity true up to both Dave Frantz and Lach Seward as well as several other DOE staffers in order to test the sensitivity. Everyone with whom I have discussed the concept has thought it to be a significant issue and one which will generate a spirited discussion.

To be clear, in spite of not liking it personally, I am not making a judgment on behalf of DOE about it and am certainly not saying that it cannot be a feature of the transaction, especially at this late date. I am simply saying that the existence of this feature has to be fully and clearly disclosed so that those who do get a vote on such matters are aware of the feature. A billion dollar cash outflow to a sponsor at closing is not a trivial matter, especially where the cash for the outflow comes from DOE loan proceeds even if the cash flow ultimately reverses.

Again, my apologies for the bluntness but we cannot debate points like this.

Jim

James C. McCrea
JAMES McCREA & ASSOCIATES LLC



JM_00076189

From: John Woolard
Sent: Thursday, November 11, 2010 2:37 AM
To: [REDACTED] <[REDACTED]@hq.doe.gov>
Cc: Kris Courtney
Subject: Re: tomorrow morning

Great - thanks again - look forward to catching up tomorrow. JW

From: Silver, Jonathan <[REDACTED]@hq.doe.gov>
To: John Woolard
Cc: Kris Courtney
Sent: Wed Nov 10 18:17:51 2010
Subject: Re: tomorrow morning

You may not have gotten my other email.
Address is [REDACTED] in Georgetown.
Came anytime. Guest bedroom is ready.

I'll be back from my breakfast at 9:30.

Jonathan Silver
Executive Director
Loan Programs
U.S. Department of Energy

[REDACTED]

From: John Woolard <[REDACTED]>
To: Silver, Jonathan
Cc: Kris Courtney <[REDACTED]>
Sent: Wed Nov 10 21:13:05 2010
Subject: tomorrow morning

Jonathan – Thanks for offering to meet at your house tomorrow morning. It looks like I land at Dulles at 7:20am – can you please send your address or let me know if it works out better for me to just land and grab a hotel for run/shower and meet later?

I truly appreciate your offer, and am fine either way. My “pre-meeting” is at 11:30 at the Hay Adams hotel. Regards,
John

John Woolard / President, CEO / BrightSource Energy / [REDACTED]
[REDACTED]

From: john bryson/sce/eix;nsf [REDACTED]
Sent: Tue Sep 06 2011 17:52:31 PDT
To: "webster, meridith a." [REDACTED]@omb.eop.gov>;
Subject: Re: Fw: President Obama Announces More Key Administration Posts

The same Melissa Moss. Very nice appointment! I didn't know of her arts involvements. She is a terrific person. When we have a chance, I will describe to you the dinner which she and her husband had at their Georgetown home for me at the end of January--a gathering of very experienced, smart, and savvy DC people.

From: "Webster, Meridith A." [REDACTED]@omb.eop.gov>
To: "John.Bryson@edisonintl.com" [REDACTED]
Date: 09/06/2011 05:34 PM
Subject: Fw: President Obama Announces More Key Administration Posts

Please see this email below with some of the personnel announcements today.

Is this the same Melissa Moss you mentioned earlier on the phone?

From: White House Press Office <[REDACTED]>
To: Webster, Meridith A.
Sent: Tue Sep 06 19:26:46 2011
Subject: President Obama Announces More Key Administration Posts

THE WHITE HOUSE
Office of the Press Secretary
FOR IMMEDIATE RELEASE
September 6, 2011

President Obama Announces More Key Administration Posts

WASHINGTON -- Today, President Barack Obama announced his intent to nominate the following individuals to key Administration posts:

- Eduardo Arriola – Member, Board of Directors of the Inter-American Foundation
- Sara Aviel – United States Alternate Executive Director, International Bank for Reconstruction and Development
- Daniel Becker – Member, Board of Directors of the State Justice Institute
- Mark Francis Brzezinski – Ambassador to Sweden, Department of State
- Dana Bilyeu - Member, Federal Retirement Thrift Investment Board
- Steven H. Cohen - Member, Board of Trustees of the Harry S Truman Scholarship Foundation

- Bert DiClemente - Director, Amtrak Board of Directors
- James Hannah - Member, Board of Directors of the State Justice Institute
- David Jones - Member, Federal Retirement Thrift Investment Board
- Drew R. McCoy - Member, Board of Trustees of the James Madison Memorial Fellowship Foundation

- Adam Namm - Ambassador to the Republic of Ecuador, Department of State
- Wenona Singel - Member, Advisory Board of the Saint Lawrence Seaway Development Corporation
- Mary B. Verner – Member, Board of Directors of the National Institute of Building Sciences

The President also announced his intent to appoint the following individuals to key Administration posts:

- Jean Bailey – Member, President's Advisory Committee on the Arts on the John F. Kennedy Center for the Performing Arts
- Susan M. Dimarco Johnson – Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts
- Sonya M. Halpern – Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts
- Mattie McFadden-Lawson – Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts
- Melissa Moss – Member, President's Advisory Committee on the Arts on the John F. Kennedy Center for the Performing Arts
- Deborah Dozier Potter – Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts
- Kristin Gatchel Replogle – Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts
- Jennifer Scully-Lerner – Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts
- Ellen Schapps Richman – Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts
- Mary Rouse-Terlevich – Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts
- Ellen Susman – Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts
- Mona Sutphen - Member, President's Intelligence Advisory Board
- Harry Wilson - Member, Advisory Committee to the Pension Benefit Guaranty Corporation
- Philip Zelikow - Member, President's Intelligence Advisory Board

President Obama said, “I am confident that these outstanding men and women will greatly serve the American people in their new roles and I look forward to working with them in the months and years to come.”

President Obama announced his intent to nominate the following individuals to key Administration posts:

Eduardo Arriola, Nominee for Member, Board of Directors of the Inter-American Foundation
 Eduardo Arriola is the Chairman of the Board of Apollo Bank and the co-Founder of Inktel Direct, a provider of business solutions for direct marketing. He currently serves on the FBA-FDIC Advisory Board, the Florida Bankers Association BancServ Board of Directors and is a member of the Young Presidents' Organization. Mr. Arriola is a past president and board member of EO, a network of

entrepreneurs, and has previously served on the board of directors of Kristi House and City Year Miami. In 2011, he was awarded the Horizon Award by the Florida Bankers Association, in recognition of his commitment to the banking industry. Mr. Arriola is a graduate of Boston College.

Sara Aviel, Nominee for United States Alternate Executive Director, International Bank for Reconstruction and Development

Sara Aviel currently serves as a Senior Advisor to Secretary of the Treasury Timothy Geithner. In that capacity, she works on a range of issues including development policy, G-20 summits, the Strategic and Economic Dialogue with China, and formulating a response to the global financial crisis. Prior to joining the Administration, Ms. Aviel was on the leadership team for Root Capital, a social investment fund that provides financing to small and medium enterprises in developing countries. Previously, she was a Strategic Innovations Advisor at Mercy Corps, responsible for working directly with the Board of Directors to facilitate corporate partnerships and long-term strategic initiatives. Ms. Aviel also served as a Lecturer on international development and humanitarian relief at Yale College. She previously worked for CARE, both in Afghanistan and throughout Africa. Ms. Aviel holds an M.B.A., as well as M.A. and B.A. degrees in Political Science, from Yale University.

Daniel Becker, Nominee for Member, Board of Directors of the State Justice Institute

Daniel Becker has served as State Court Administrator at the Administrative Office of the Courts for the State of Utah since 1995. In that capacity, he is responsible to the Utah Supreme Court and Utah Judicial Council for the administration of the state court system. He was appointed by President Barack Obama to the Board of Directors of the State Justice Institute in 2010 and presently serves as Vice-Chair. From 1984 to 1995, Mr. Becker worked for the North Carolina Administrative Office of the Courts, serving in the positions of: Deputy Director (1993-1995); Court Services Administrator (1986-1993); and Assistant to the Director (1984-1986). He also held the positions of Trial Court Administrator for the Fourteenth Judicial District of North Carolina, and Assistant Director of Operations for the Georgia Administrative Office of the Courts. Mr. Becker was the recipient of the National Center for State Courts' 2001 Distinguished Service Award and the 2006 Warren E. Burger Award for Excellence in Judicial Administration. He holds a B.A. and M.P.A. from Florida Atlantic University.

Mark Francis Brzezinski, Nominee for Ambassador to Sweden, Department of State

Mark Francis Brzezinski is currently a partner in the Washington, D.C. office of McGuireWoods, where he specializes in anti-corruption law. Prior to his current role, Mr. Brzezinski served as a Director on the National Security Council from 1999 to 2001, focusing on issues relating to the Balkans, Russia, Eurasia and Southeast Europe. From 1996 to 1999, he was an attorney at Hogan & Hartson. From 1991 to 1993, he worked in Poland as a Fulbright Scholar. Mr. Brzezinski is a member of the J. William Fulbright Foreign Scholarship Board and the Council on Foreign Relations. He holds a B.A. from Dartmouth College, a J.D. from the University of Virginia School of Law and a Doctorate from Oxford University.

Dana K. Bilyeu, Nominee for Member, Federal Retirement Thrift Investment Board

Dana K. Bilyeu was first appointed to the Federal Retirement Thrift Investment Board in June, 2010. She is also the Executive Officer of the Public Employees' Retirement System of Nevada (NVPERS), serving in that position since 2003. Ms. Bilyeu began her employment with NVPERS in 1995, in the position of Operations Officer, overseeing all aspects of benefit administration for the System. Preceding her employment at NVPERS, Mrs. Bilyeu was the System's legal counsel in the Office of the Nevada Attorney General. Mrs. Bilyeu is a member of the executive committee of the National Association of State Retirement Administrators, and is a member of the National Council on Teacher Retirement, the National Conference of Public Employee Retirement Systems, and the National Association of Public Pension Attorneys. She also serves on the Public Employees' Board of the International Foundation of Employee Benefit Plans. Mrs. Bilyeu previously served as a member of the Social Security Advisory Board from 2007 through September 2010. She received her J.D. from

California Western School of Law and her B.A. from the University of Arizona.

Steven H. Cohen, Nominee for Member, Board of Trustees of the Harry S Truman Scholarship Foundation

Steven H. Cohen is the founder and President of the Cohen Law Group as well as a co-founder of the Whistleblower Action Network. Mr. Cohen is also an adjunct faculty member at the Northwestern Law School in Chicago, teaching clinical trial advocacy. He serves on the Board of Trustees for Beloit College, the Chicago School of Professional Psychology and the TCS Education System, and the Mikva Challenge Foundation, a Chicago based organization that engages Chicago area high school students in local and national political elections. Mr. Cohen received his Bachelor's degree from Beloit College and his law degree from the Northwestern University School of Law.

Bert DiClemente, Nominee for Director, Amtrak Board of Directors

Bert DiClemente was originally appointed to the Amtrak Board in June 2010. Mr. DiClemente recently retired as the Vice President of CB Richard Ellis, Inc., a position he had served in since 2003. Previously, he worked as Director of Insignia/ESG (1998-2003) and as Associate Director at Jackson Cross & Associates (1997-1998). He was responsible for the leasing and selling of commercial real estate and represented a number of Fortune 500 Companies. Mr. DiClemente also served as State Director for then United States Senator Joseph R. Biden, Jr., from 1977 to 1997. He received a B.A. in Political Science from the University of Delaware.

Chief Justice Jim Hannah, Nominee for Member, Board of Directors of the State Justice Institute

Chief Justice Jim Hannah is currently serving as Chief Justice of the Arkansas Supreme Court. He was first elected as an Associate Justice in 2000 and re-elected as Chief Justice in 2004 and 2008. He was appointed by President Barack Obama to the Board of Directors of the State Justice Institute in 2010. Prior to serving on the Arkansas Supreme Court, he served as a Chancery/Probate Judge in the 17th Judicial District from 1979 to 1999. Chief Justice Hannah maintained a private law practice for ten and a half years before he was elected to the trial bench. While in private practice, he also served as the city attorney for Searcy, Arkansas, as city attorney for several communities in White County, as a city judge for Kensett, Arkansas and Rosebud, Arkansas, as deputy prosecuting attorney for Woodruff County, and as the White County Juvenile Judge. Chief Justice Hannah has served as President on the Board of the Arkansas Judicial Council. He has served as Chairman of the Arkansas Judicial Resources Assessment Committee, Legislative Committee, and Retirement Committee. He has also served on the board of the Conference of Chief Justices and is currently serving as Co-Chair of the Committee of Families and Courts. In addition, he sits on the U.S. Supreme Court Judicial Conference Committee on Federal-State Jurisdiction and the Arkansas Supreme Court Committees on Technology, Child Support, and Foster Care. Chief Justice Hannah received a B.S.B.A. from the University of Arkansas, Fayetteville, and a J.D. from the University of Arkansas School of Law.

David Avren Jones, Nominee for Member, Federal Retirement Thrift Investment Board

David Avren Jones established D.A. Jones LLC, an independent consulting firm and trustee for a number of families and their entities, in 2004. Before the founding of his own firm, Mr. Jones was a managing director and the senior client executive at Deutsche Bank Private Wealth Management in New York. His other prior experiences include running his own investment advisory firm, Bannister Capital Management, and serving as CEO of Citicorp Securities Markets, Inc. in New York, where he was responsible for the firm's fixed income and foreign exchange businesses for North America. Mr. Jones also worked at Goldman Sachs as the fixed income trading manager in London. Mr. Jones has served as a member of the Treasury Borrowing Advisory Committee, as Vice Chairman of the Primary Dealers Committee and as a director of the Public Securities Association. He is a past Chairman of the Board of Trustees of The Jewish Home Lifecare System in New York and serves as the Chairman of Fund for the Aged, Inc. Mr. Jones is a graduate of Princeton University and the Harvard Business School.

Drew R. McCoy, Nominee for Member, Board of Trustees of the James Madison Memorial Fellowship Foundation

Drew R. McCoy is the Jacob and Frances Hiatt Professor of History at Clark University in Worcester, Massachusetts, and a specialist in American political and intellectual history from the Revolution to the Civil War. His numerous published works include *The Elusive Republic: Political Economy in Jeffersonian America*, a general study of political economy in Revolutionary and Early National America and *The Last of the Fathers: James Madison and the Republican Legacy*, a partial biography of James Madison that focuses on President Madison's retirement. Dr. McCoy received an A.B. from Cornell University and an M.A. and Ph.D. from the University of Virginia.

Adam E. Namm, Nominee for Ambassador to the Republic of Ecuador, Department of State

Adam E. Namm is the Director of the Bureau of Overseas Buildings Operations (OBO) at the State Department. A career member of the Senior Foreign Service, class of Minister Counselor, Mr. Namm joined the Department of State in 1987. His most recent overseas assignment was as Management Counselor in Islamabad, with prior tours in Bogota, Dhahran, and Santo Domingo. His domestic assignments have included Executive Assistant in the Bureau of Administration, Director of the Office of Allowances, Special Assistant to the Under Secretary for Management, and both Desk Officer and Post Management Officer in the Bureau of Western Hemisphere Affairs. Mr. Namm holds an A.B. magna cum laude in International Relations from Brown University and an M.S. in National Security Strategy from the National War College.

Wenona Singel, Nominee for Member, Advisory Board of the Saint Lawrence Seaway Development Corporation

Wenona Singel is an Assistant Professor of Law at Michigan State University College of Law and the Associate Director of the Indigenous Law & Policy Center, where she teaches courses in the fields of federal Indian law and natural resources law. Ms. Singel is also an Associate Appellate Justice for the Little Traverse Bay Bands of Odawa Indians and the former Chief Appellate Judge for the Grand Traverse Band of Ottawa and Chippewa Indians. Previously, she was an Assistant Professor at the University of North Dakota School of Law and a Fellow with the Northern Plains Indian Law Center. Before teaching, Ms. Singel worked in private practice with firms that included Kanji & Katzen, P.L.L.C. in Ann Arbor, MI, and Dickinson Wright in Bloomfield Hills, MI. She served as a member of the Economic Development Commission of the Little Traverse Bay Bands of Odawa Indians and as General Counsel for the Grand Traverse Resort, a tribally-owned resort in northern Michigan. She is an enrolled member of the Little Traverse Bay Bands of Odawa Indians. Ms. Singel received an A.B. from Harvard College and a J.D. from Harvard Law School.

Mary B. Verner, Nominee for Member, Board of Directors of the National Institute of Building Sciences

Mary Verner is the Mayor of Spokane, Washington. Mayor Verner served on the Spokane City Council before she was elected mayor. She has also held a number of professional positions on behalf of the Native American community: she was a manager of natural resources with the Spokane Tribe of Indians, and she served as Executive Director of the Upper Columbia United Tribes. Mayor Verner serves on a wide variety of local boards and regional associations, and has led her City's programs to retrofit residential, commercial and public buildings to be energy-efficient. She received a B.A. from Davidson College, an M.A. from Yale University School of Forestry and Environmental Studies, and a J.D. from Gonzaga University School of Law.

President Obama announced his intent to appoint the following individuals to key Administration posts:

Dr. Jean Bailey, Appointee for Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts

Dr. Jean Bailey is a Graduate Professor of Human Development in the School of Education at Howard University. Additionally, she directs the Center for Drug Abuse Research and chairs the Howard University Republic of South Africa Project. Dr. Bailey has devoted her professional career to optimizing developmental outcomes for children and families. She currently serves on the Board of InventNow.Org and the National African American Drug Policy Coalition. Dr. Bailey received her B.S. from Southern University, and an M.S. and Ph.D. from Tulane University.

Cynthia Butler-McIntyre, Appointee for Member, Board of Trustees of the Christopher Columbus Fellowship Foundation

Cynthia Butler-McIntyre is the Director of Human Resources in the Jefferson Parish Public School System in Louisiana and the 24th National President of Delta Sigma Theta, a public service organization. She is a National Board Member of the National Council of Negro Women, a past National Board Member of the National Alliance of Black School Educators, and the Secretary of the Louisiana State Association of School Personnel Administrators. Ms. Butler-McIntyre holds an Honorary Doctorate of Divinity degree from Christian Bible College of Louisiana, an M.A. in Educational Administration from the University of New Orleans, and a B.A. in Early Childhood Education from Dillard University.

Susan M. DiMarco Johnson, Appointee for Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts

Susan M. DiMarco Johnson is a dentist, who worked in private practice until 1998. Ms. DiMarco Johnson is an active volunteer in numerous civic and arts related activities in New Jersey, New York, and Washington, DC. Currently, she serves on the board of EarthEcho International, an environmental education non-profit organization. She previously served on the Board of Directors of the Montclair Art Museum and as Vice Chair of the corporate board of the Covenant House, a privately-funded childcare agency in New York City. Ms. DiMarco Johnson received her degree in Dentistry from Georgetown Dental School.

Sonya M. Halpern, Appointee for Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts

Sonya M. Halpern is a former advertising sales and marketing executive who has worked for ESPN, Inc., The Walt Disney Company, and Cox Enterprises. She currently serves on the Board of Directors of the National Black Arts Festival and has served as Co-Chair of the Festival's annual gala for the past three years. Earlier this year, Ms. Halpern was appointed to the Atlanta Judicial Commission by Atlanta Mayor Kasim Reed. She holds a B.A. in Mass Communications from the University of Massachusetts and an M.B.A. from the University of Hartford.

Mattie McFadden-Lawson, Appointee for Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts

Mattie McFadden-Lawson is the President of MML Design & Consulting Group, an interior and exterior design company based in Los Angeles. Mrs. McFadden-Lawson currently serves on the Board of the Music Center/Performing Arts Center of Los Angeles County and is the Board Chair of Center Dance Arts/Music Center. She also serves as a founding member of the Dance Council of the Colburn School, Vice Chair of the Los Angeles County Arts Commission, and Board Member of the Ford Theater Foundation of the Los Angeles County Arts Commission. Ms. McFadden-Lawson received a B.A. from Brooklyn College, an M.A. from Howard University, and a M.P.A. from Harvard University.

Melissa Moss, Appointee for Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts

Melissa Moss is the President of Moss Advisors, based in Washington, DC. From 2002 until 2009 she was a Senior Vice President at Capital Guardian Trust Company and previously served as the CEO of Women's Consumer Network. Ms. Moss is currently on the board of the National Shakespeare Theatre, The National Symphony Orchestra, and Business Forward. She has also served on the boards of Wolf Trap, First Book, the National Building Museum, and the National Partnership for Women and Families. She received her B.A. from UCLA and a M.P.A. from Harvard University.

Deborah Dozier Potter, Appointee for Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts

Deborah Dozier Potter is President of Trail Inc., a hotel and real estate development firm. Prior to this, Ms. Potter was an actors' agent and started her own talent agency and management company. Her memoir, *Let Buster Lead: Discovering Love, Post-traumatic Stress Disorder and Self-assurance*, was published in 2007 and she is a volunteer faculty member of The New Mexico School for the Arts. Mrs. Potter previously served on the President's Advisory Council on the Arts from 1993 until 2001.

Kristin Gatchel Replogle, Appointee for Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts

Kristin Gatchel Replogle is President of the Replogle Family Foundation. Ms. Replogle currently serves on the board of directors for WakeMed Hospital, North Carolina State University's Institute for Nonprofits, SAFEchild, and the Girl Scouts. From 1990 to 1995, she was a speech pathologist at Massachusetts General Hospital, where she specialized in traumatic brain injury and was responsible for training graduate students. Ms. Replogle received her B.S. and M.A. in speech language-pathology from Miami University of Ohio.

Ellen Schapps Richman, Appointee for Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts

Ellen Schapps Richman is an adjunct professor of marketing at Columbia Graduate School of Business. Prior to this, Ms. Schapps Richman was an associate adjunct professor of Marketing at Pace University's Lubin School of Business. She is on the Board of the United Way of Greenwich and current Chairman and former President of UJA Federation of Greenwich. Ms. Schapps Richman received a B.A. from Skidmore College and an M.B.A. from New York University's Stern School of Business.

Molly Rouse-Terlevich, Appointee for Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts

Molly Rouse-Terlevich is as a Trustee of the Pennsylvania Chapter of the National Museum of Women in the Arts and of the Lewa Downs Wildlife Conservancy in Kenya and is a former Trustee of the Pennsylvania Ballet and the Tyler Arboretum. In addition, Ms. Rouse-Terlevich is involved in fundraising projects with numerous organizations including the Pennsylvania Academy of the Fine Arts, the Baldwin School and the University of Pennsylvania. Ms. Rouse-Terlevich received a Bachelor of Arts in English and a Masters of Education from the University of Pennsylvania.

Jennifer Scully-Lerner, Appointee for Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts

Jennifer Scully-Lerner is a Vice President of Private Wealth Management at Goldman Sachs. In addition, she is the co-head of the Goldman Sachs firm-wide Women's Network and is the New York Chair of the Women's Leadership Forum. Ms. Scully-Lerner serves on the President's Council of the New York Public Library and on the International Board of Covenant House. She is an active mentor with Student Sponsor Partnership and a speaker at the annual Adventures of the Mind Conference. Ms. Scully-Lerner received her B.A. from Vanderbilt University and her M.B.A. from Columbia Business School.

Ellen Susman, Appointee for Member, President's Advisory Committee on the Arts for the John F. Kennedy Center for the Performing Arts

Ellen Susman is President of the Susman Family Foundation, which supports a variety of programs relating to the arts, justice, and the environment. Previously, Ms. Susman was the producer and host of "Balancing Your Life", an award-winning national PBS program celebrating the strength of women as they work to balance career and family. She has served on the Board of Directors of The Houston Grand Opera, the Alley Theatre, and The Houston Symphony Society Board. Ms. Susman received her B.A. from Briarcliff College.

Mona Sutphen, Appointee for Member, President's Intelligence Advisory Board

Mona Sutphen is currently a Managing Director at UBS covering geopolitical and policy risk matters. She served as White House Deputy Chief of Staff for Policy from 2009 until February 2011. Prior to joining the Administration, Ms. Sutphen was Managing Director for Stonebridge-International LLC and a Vice President at Currenex, an online institutional foreign exchange trading platform. From 1991 to 2000, Ms. Sutphen served as a U.S. Foreign Service Officer with postings on the National Security Council, at the U.S. Mission to the United Nations, in the Office of the High Representative in Bosnia, in the State Department's human rights bureau, and at the U.S. Embassy in Bangkok. She is a member of the Council on Foreign Relations. Ms. Sutphen holds a B.A. from Mount Holyoke College and an M.Sc. from the London School of Economics.

Harry J. Wilson, Appointee for Member, Advisory Committee to the Pension Benefit Guaranty Corporation

Harry J. Wilson is currently the Chairman and CEO of MAEVA Advisors, LLC, a boutique firm specializing in corporate restructurings. Mr. Wilson is a career private equity and distressed securities investor, having spent most of his career at The Blackstone Group and Silver Point Capital, where he was a partner. In 2009, he served as a senior member of the team at the US Treasury Department overseeing the restructurings of General Motors and Chrysler. Mr. Wilson has deep expertise in corporate restructuring and has invested across a broad array of asset classes throughout his career. He received an A.B. in government from Harvard College and an MBA from Harvard Business School.

Dr. Philip Zelikow, Appointee for Member, President's Intelligence Advisory Board

Dr. Philip Zelikow is the Associate Dean for the Graduate School of Arts and Sciences and the White Burkett Miller Professor of History at the University of Virginia. From 2005 to 2007, Dr. Zelikow served as Counselor of the Department of State. From 2003 to 2004, he was Executive Director of the National Commission on Terrorist Attacks Upon the United States (also known as the "9/11 Commission"). Dr. Zelikow was a member of the President's Foreign Intelligence Advisory Board from 2001 to 2003. From 1991 to 1998, he was an Associate Professor of Public Policy at Harvard. Dr. Zelikow was a career Foreign Service Officer from 1985 to 1991 and was detailed to the White House as Director for European Security on the staff of the National Security Council from 1989 to 1991. He taught for the U.S. Navy, at the Naval Postgraduate School, before entering the Foreign Service. A former trial and appellate attorney in Houston, he holds a B.A. from the University of Redlands, a J.D. from the University of Houston and a Ph.D. from the Fletcher School of Law and Diplomacy at Tufts University.

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