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Obama administration push for clean energy hitting bumps

By Judson Berger Published March 15, 2012 | FoxNews.com

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Meanwhile, companies that are trying to secure government funding for fuel-efficient vehicles in the wake of Solyndra say the fallout from that controversy has led to a bureaucratic freeze at the Department of Energy and prevented their firms from getting any money.

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The frustration was encapsulated in a letter sent by Bright Automotive to the department in late February, just days before the firm withdrew its loan application and started to close down shop.

"Unfortunately, irrationality and petty politics have paralyzed your agency at a time America needs you most. One cannot score if one does not shoot," the

executives of the now-defunct company wrote to Energy Secretary Steven Chu.

Mike Donoughe, chief operating officer with Bright, told FoxNews.com that Energy Department officials told them repeatedly they were under a directive to never put the department through another Solyndra.

"Those were their sort of marching orders," Donoughe said of the department officials his firm dealt with. He said officials are so wound up they "do nothing. And they're good at that."

Donoughe said the department is effectively spending millions of dollars on "due diligence" and consultations "to basically spin wheels."

While congressional Republicans have convened several hearings on the Energy Department's loan processes, a new Government Accountability Office report claimed the department still needs to improve its internal process for tracking applications of an alternative and renewable energies loan guarantee program.

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According to GAO, staff "needed over three months to assemble the data and fully resolve all the errors and omissions we identified" when asked for information on applicants.

A department official, though, wrote in a response last month that GAO mostly evaluated older procedures that are no longer in place -- and focused on "recordkeeping" rather than the quality of the program. Acting loan office director David Frantz said the program has made an "unprecedented level of clean energy investments" while maintaining high standards.

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"The only thing that's different is the time," he said.

LaVera said the loan program in question -- called the Advanced Technology Vehicles Manufacturing program, a separate but related program to the one that gave Solyndra money -- continues to accept applications. Roughly 10 applications are pending before the department.

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But Bright isn't the only company to abandon the application process -- originally for about \$450 million, to develop a hybrid plug-in delivery van -- after perceived inertia.

Carbon Motors Corporation recently followed suit. The company, which is developing a fuel-efficient police car, announced in a scorching statement last week that the Department of Energy had "indicated" it would not proceed with their application for a \$310 million loan.

CEO William Santana Li said the department had "failed" to make any loans under the program "since Solyndra became politicized last fall."

He decried the department's "horrendous" application process, claiming it indicates an "irrational pattern" of turning away "viable" applications.

"Carbon Motors simply appears to be the last victim of this political gamesmanship," Li said. "In failing to deploy the tax dollars that Congress allocated for the creation of advanced technology manufacturing jobs in the U.S., the (fuel-efficient vehicle program) represents a glaring failure of the Obama administration to create jobs that are clearly within its power to create."

Carbon has been trying to break into a veritable niche market dominated by just a few companies. The firm's proposal had raised questions in the industry. Daniel Sperling, a director at the Institute of Transportation Studies, told FoxNews.com earlier this year that he was not convinced "this is a compelling investment of taxpayer dollars."

LaVera said the department worked with Carbon Motors for more than two years to "try to negotiate a deal that supported their business while protecting the taxpayers."

"The department is committed to balancing our goal of supporting innovative projects that can promote the development of clean vehicles in the United States with our responsibility to be good stewards of the taxpayer's money," he said in a statement.

Chrysler also withdrew an application for a \$3.5 billion loan last month.

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But Donoughe said the government kept changing the terms. When Bright first applied in 2008, he said the company was told to raise \$120 million in private funds. By early February, the company had reduced its loan application amount to \$314 million -- and was being told to raise \$345 million in private funds.

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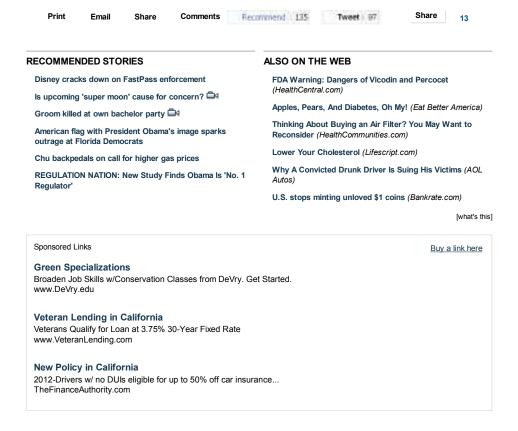
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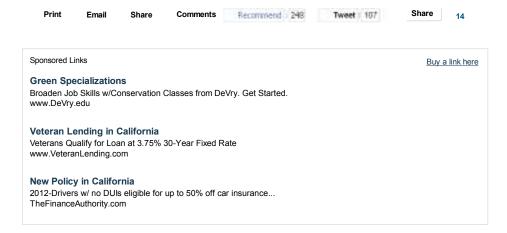
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