

21ST CENTURY ENERGY TECHNOLOGY DEPLOYMENT ACT

The Challenge and the Opportunity – Large-scale deployment of innovative technologies is essential to advancing a new, sustainable, and affordable energy and industrial regime. Investments in the deployment of these new energy technologies have lagged far behind what will be necessary to meet the challenges of energy and climate security. A leading cause of this underinvestment is the difficulty promising technologies face in securing sufficient financing to build projects, due to the risks lenders perceive in new and unfamiliar technologies. This results in high interest rates and a prohibitively high need for equity financing.

The Initiative – The 21st Century Energy Technology Deployment Act will implement a series of reforms to the existing Department of Energy (DOE) loan guarantee program, including creating a new “Clean Energy Investment Fund” to allow collected costs and payments be used to support more technology deployment. The bill would also create a new entity housed in DOE, the Clean Energy Deployment Administration (CEDA), with strong financial expertise and with a specific purpose to create an attractive investment environment for the development and deployment new clean energy technologies. Once the Secretary and the Administrator of CEDA agree it is ready, the Clean Energy Investment Fund becomes the seed fund for the new entity. Key features include:

Form – CEDA would be an independent administration within DOE, like the Federal Energy Regulatory Commission. It would be governed by a Board of Directors and an Administrator, all of whom would be appointed with the advice and consent of the Senate. CEDA will also have a permanent Technology Advisory Council to advise on the technical aspects of new technologies and to set goals for the administration.

Functions – The function of the agency is to provide various types of credit to support deployment of clean energy technologies including loans, loan guarantees, and other credit enhancements as well as secondary market support to develop products such as clean energy-backed bonds that would allow less expensive lending in the private sector. The agency would also seek to accommodate riskier debt and thus provide a mechanism for deployment of the most innovative technologies.

Technologies – The mission of CEDA is to encourage deployment of technologies that are perceived as too risky by commercial lenders and thus the agency is encouraged to back riskier technologies with a higher potential to address our climate and energy security needs. The agency is to use a portfolio investment approach in order to mitigate risk and is to try and become self-sustaining over the long term by balancing riskier investments with revenues from other services and less risky investments.

Technology Deployment Goals – CEDA will be an autonomous entity with strong guidance and aggressive goals for technology deployment set by an independent advisory council, in consultation with the Secretary. The bill sets out a process for goal-setting in the various areas and then mandates numerical targets for achieving the goals, against which the performance of CEDA may be judged.

Oversight – There would be various levels of financial oversight, including audits by the Comptroller General and unfettered access to the books of CEDA by the Secretary.