



Energy Loan Program Improvement Act

S. 1223 protects taxpayers by increasing accountability and transparency within the Department of Energy's loan programs.

Background

The Department of Energy currently administers two energy-related loan programs through its Loan Programs Office: the Section 1703 loan guarantee program established by the Energy Policy Act of 2005, and the Advanced Technology Vehicles Manufacturing (ATVM) direct loan program established by the Energy Independence and Security Act of 2007. While the Department of Energy has taken steps to improve its management of these programs, further reform is necessary after the failures of multiple recipients under both the loan guarantee and ATVM programs.

Key Provisions

- Prohibits the subordination of taxpayer interests to the interests of private investors, which occurred when the Department of Energy restructured its loan guarantee to Solyndra. This is a stronger restatement of existing law to ensure that this does not happen again.
- Requires that credit subsidy for any new applications received after the date of enactment of the Act be paid by the borrower – not taxpayers. This would serve as a minimum financing test for applicants, and help shield taxpayers from the substantial losses seen in recent years.
- Increases transparency for applicants who do not receive timely answers from the Department of Energy.
- Repeals the temporary loan guarantee program created by the 2009 stimulus bill. The Department of Energy's authority to issue guarantees under this program expired on September 30, 2011.