

# Department of Energy Loan Programs: Tribal Energy Loan Guarantee

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The Department of Energy’s (DOE’s) Loan Programs Office (LPO) manages two loan guarantee programs: (1) Tribal Energy Loan Guarantee Program (TELGP), the focus of this Insight; and (2) [Title XVII Innovative Technology Loan Guarantee Program](#), the focus of a companion [CRS Insight](#). **Table 1** provides a high-level comparison of these programs. LPO also manages the [Advanced Technology Vehicles Manufacturing](#) (ATVM) direct loan program.

A [loan guarantee](#) is designed to reduce the financial risk of a project to a lender. As with all [federal credit programs](#), TELGP requires that credit subsidy costs be paid for—through appropriations, payment by the borrower, or a combination thereof—prior to finalizing a loan guarantee agreement. The Federal Credit Reform Act of 1990 (FCRA; Section 13201 of P.L. 101-508) requires that estimated lifetime net costs of new loans and loan guarantees be recorded in the budget year in which the loans are disbursed ([2 U.S.C §661c](#)). The costs of these credit programs, referred to as *subsidy costs*, are measured on a net present value (NPV) basis—the value of expected future cash receipts, less expenditures adjusted, or discounted, over time using an interest rate that is based on Treasury securities.

**Table 1. Department of Energy Loan Guarantee Programs**

	Tribal Energy Program (Title XXVI)		Innovative Technology Loan Guarantee Program (Title XVII)	
	Section 503 <sup>a</sup>		Section 1703	Section 1705
<b>Establishment Year</b>	2005		2005	2009
<b>Program Authority</b>	Ongoing		Ongoing	Expired September 30, 2011
<b>Existing Loan Guarantee Authority</b>	\$2 Billion		\$23.9 Billion	N/A

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	<b>Tribal Energy Program (Title XXVI)</b>	<b>Innovative Technology Loan Guarantee Program (Title XVII)</b>	
<b>Eligibility Criteria</b>	Projects must be for energy development by a federally recognized Indian tribe, Alaska Native Corporation, or tribal energy development organization <sup>b</sup>	Projects must: (1) avoid, reduce, or sequester air pollutants or anthropogenic greenhouse gas emissions; and (2) employ new or significantly improved technologies	Projects were limited to: (1) renewable energy systems; (2) electricity transmission; and (3) leading edge biofuel projects, but could employ commercial technology
<b>Appropriations for Subsidy Costs</b>	\$8.5 million, available until expended	\$161 million, available until expended, for a portion of subsidy costs for Renewable Energy and Efficient Energy projects	\$2.5 billion (no longer available)
<b>Loan Guarantee Commitments</b>	None	One project commitment	28 project commitments

**Source:** Congressional Research Service.

**Notes:** Section 1703 also includes eligible project types (42 U.S.C. §16513). Generally, the borrower pays §1703 subsidy costs. Under §1705, appropriations covered these costs.

- a. P.L. 102-486, Title XXVI, § 2602, as amended by P.L. 109-58, Title V, § 503(a), and P.L. 115-325, Title I, §101; 25 U.S.C. §§3501 et seq.
- b. For the definition of “Indian tribe,” see 25 U.S.C. §450b. For the definition of “tribal energy development organization,” see 25 U.S.C. §3501(12).

## Tribal Energy Loan Guarantee Program

TELGP was authorized by section 503 of the Energy Policy Act of 2005 (EPACT05, P.L. 109-58), which amended Title XXVI of the Energy Policy Act of 1992 (EPACT92, P.L. 102-486, [25 U.S.C. §3501 et seq.](#)). Under TELGP, DOE is authorized to provide loan guarantees for up to 90% of the unpaid principal and interest due on any loan made to a federally recognized Indian tribe (tribe), Alaska Native Corporation, or tribal energy development organization for energy development, up to a maximum of \$2 billion in loans at any time. DOE first requested funding to establish the program in FY2016. Congress first appropriated \$9 million in funding in FY2017 with \$8.5 million to be available for loan guarantee subsidy costs.

DOE announced its first [loan guarantee solicitation](#) for the Tribal Energy Loan Guarantee Program in July 2018. According to a [DOE press release](#), this solicitation would provide as much as \$2 billion in partial loan guarantees to support economic opportunities for eligible borrowers. Since the TELGP solicitation was first issued, there have been no loan guarantee commitments. The \$8.5 million that has been appropriated for subsidy costs could leverage several times that amount in loan guarantees, although it is unclear whether the appropriated amount would be sufficient to cover the subsidy cost for the entire \$2 billion loan guarantee authority. For example, Congress appropriated \$2.5 billion in subsidy costs (after rescissions and transfers) for loan guarantees under the Title XVII §1705 temporary authority; DOE provided loan guarantee commitments for more than \$14 billion under that temporary authority.

Beginning with the FY2019 congressional budget request, DOE has proposed to eliminate the program and cancel \$8.5 million in unobligated balances in each fiscal year budget request. However, in FY2019 and FY2020, Congress did not agree with eliminating the program; for administrative expenses, Congress appropriated \$1.0 million and \$2.0 million for the program in FY2019 and FY2020, respectively.

## Considerations for Congress

To date, no loan guarantees have been made under TELGP. As DOE announced the program in 2018, some have wondered whether DOE is conducting sufficient [outreach to eligible parties](#). Tribes instead may be more familiar with grants and technical assistance administered through the [Office of Indian Energy Policy and Programs](#) at DOE, which invested [nearly \\$85 million in more than 180 tribal energy projects](#) from FY2010 through FY2019. In addition, the Office of Indian Energy and Economic Development under the Department of the Interior’s (DOI’s) Assistant Secretary of Indian Affairs administers the [Indian Loan Guarantee, Insurance, and Interest Subsidy Program](#), which has existed since 1974. The Indian Loan Guarantee Program provides partial loan guarantees up to 90% to help Indian tribes and individuals establish and expand Indian-owned businesses. Loan guarantees under the [DOI program average \\$3 million](#).

Proposals to reform the TELGP range from eliminating the remaining loan authority and rescinding some appropriations—as in the Trump Administration’s [fiscal year 2021 budget](#) proposal—to expanding eligibility and authorizing appropriations through 2030—as in the Tribal Energy Reauthorization Act (S. 2610). Other proposals in the 116<sup>th</sup> Congress would not make changes to TELGP but would instead modify the Title XVII loan guarantee program to include tribes and Alaska Native Corporations. For example, the American Energy Innovation Act (S. 2657) would expand eligibility of the Title XVII loan guarantee program to “State Energy Financing Institutions,” which according to the bill would include tribes and Alaska Native Corporations.

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