

ONE HUNDRED TWELFTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

March 14, 2011

Mr. Jacob J. Lew
Director
The Office of Management and Budget
725 17th Street, N.W.
Washington, D.C. 20503

Dear Mr. Lew:

Pursuant to House Rules X and XI of the U.S. House of Representatives, we write today seeking documents and information concerning the role of the Office of Management and Budget (OMB) in the review of loan guarantees issued by the Loan Programs Office at the Department of Energy (DOE) where the Credit Subsidy Costs for the guarantees were provided by the American Recovery and Reinvestment Act (ARRA). In particular, we are interested in learning about the loan guarantee awarded to Solyndra, Inc. (Solyndra) of Fremont, California.

Under the Energy Policy Act of 2005 and the ARRA, the Secretary of the Department of Energy is authorized to make loan guarantees to companies investing in either innovative clean technologies or commercial-scale renewable energy projects. According to the Loan Programs Office website, DOE has committed over \$26 billion to loans or loan guarantees for 23 clean energy projects. In March 2009, Solyndra received a \$535 million loan guarantee from DOE to finance the construction of a new solar panel manufacturing facility. Since the loan guarantee was closed in September 2009, Solyndra has suffered a number of financial setbacks, including the cancellation of a planned public offering in June 2010 and problems with cash flow. The week of March 7, DOE modified Solyndra's loan guarantee and Solyndra announced a new \$75 million loan from its existing investors to restructure its outstanding debts and reduce costs.

As part of an interagency review process, OMB is responsible for reviewing and approving the Credit Subsidy Costs of the DOE loan guarantees. The implementation of the DOE loan guarantee program, and OMB's role in it, were the subjects of an October 25, 2010, Briefing Memorandum addressed to President Obama from Carol Browner, then-Director of the White House Office of Energy and Climate Change Policy; Ron Klain, then-Chief of Staff to Vice President Biden; and Lawrence Summers, then-Director of the National Economic Council.

That memorandum notes that the loan guarantee program had been subjected to criticism for its “slow implementation” and “making commitments to projects that would have happened anyway and thus fail to advance [the President’s] clean energy agenda.” In addition, the memorandum states that:

OMB and Treasury . . . have raised implementation questions, including: “double dipping” — the total government subsidy for loan guarantee recipients, which have exceeded 60%, “skin in the game” — the relatively small private equity (as low as 10%) developers put into projects; and non-incremental investment — some loan guarantee projects would appear likely to move forward without the credit support offered by [Section 1705 loan guarantees] (including those projects that already exist and for which the loan guarantee simply provides a means for refinancing).

The memorandum concludes by discussing a number of options to change the way the loan guarantee program is implemented, including limiting OMB’s oversight role.

In order to better understand OMB’s role in the review of these loan guarantees generally, and its review and approval of the Credit Subsidy Cost for the Solyndra guarantee in particular, we request that you contact Karen Christian of the Majority Committee staff at (202) 225-2927 to schedule a briefing on these matters. In addition, we request that you provide the following information within two weeks of the date of this letter:

1. All documents in possession of the Office of Management and Budget relating to the \$535 million loan guarantee for Solyndra and the loan guarantee’s Credit Subsidy Cost including, but not limited to, notes, analyses, reports, memoranda, and all drafts of such documents.
2. All documents containing communications between and among Office of Management and Budget officials, staff, administrators, and employees relating to the \$535 million loan guarantee for Solyndra including, but not limited to, letters and email.

An attachment to this letter provides additional information about how to respond to the Committee’s request.

We thank you for your attention to this matter. Please do not hesitate to contact Majority Committee staff with any questions about this letter.

Sincerely,



Fred Upton
Chairman



Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations



Ed Whitfield
Chairman
Subcommittee on Energy and Power

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations

The Honorable Bobby Rush, Ranking Member
Subcommittee on Energy and Power