

applications.

Application for a geothermal loan guaranty is made to the DOE San Francisco (SAN) Office. Besides monitoring ongoing GLGP projects, the SAN Office evaluates information supplied in the GLGP application in seven key areas: geothermal resource, engineering feasibility, product marketability, project financial plan, project management, environmental aspects, and legal requirements. The primary objective of the evaluation is to establish the project's economic and technical feasibility with emphasis being placed on determining whether projected cash flows are sufficient to repay the loan principal and accrued interest. Usually, a total of no more than 6 months is required by DOE to evaluate and approve a loan guaranty.

For additional information on the GLGP and the application requirements and processes, contact the DOE San Francisco Operations Office at the address or phone number below:

Geothermal Loan Guaranty Office
DOE-San Francisco Operations Office
1333 Broadway
Oakland, California 94612
Phone: (415) 273-7151.

B-060-0380-5M

GLGP

Geothermal Loan Guaranty Program
U.S. Department of Energy • San Francisco Operations Office
FACT SHEET



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GLGP...

what is it?

The Geothermal Loan Guaranty Program (GLGP) is sponsored by the U.S. Government to stimulate the commercialization of our nation's geothermal resources. This stimulation consists of loan repayment guaranties to development capital lenders.

Under the GLGP, the U.S. Government pledges its full faith and credit to guarantee the repayment of the principal and interest on loans made to businesses whose planned use of geothermal energy will advance the development of geothermal resources. The GLGP reduces capital risk to lenders during the early, high risk stages of geothermal commercial development. This financial incentive will accelerate geothermal development by promoting capital availability to potential borrowers.

The opportunities afforded by the GLGP will help create normal financial relationships between borrowers and lenders as experience is gained and financial risks are better defined. In addition, the GLGP will stimulate new entrants into the field, helping to foster competition in the industry.

who can use it?

GLGP is applicable to a very broad range of projects. Any project that falls into at least one of the following categories is eligible for a loan guaranty. A project could be

- Determining and evaluating the commercial potential of geothermal resources
- Researching and developing geothermal extraction and utilization technologies
- Obtaining rights to geothermal resources
- Developing, constructing, and operating facilities for the demonstration or commercial production of electrical energy from geothermal resources
- Developing, constructing, and operating equipment or facilities for nonelectric application of geothermal resources.

Any organization, public or private, can be granted a geothermal loan guaranty. First priority is considered for projects having a plan of prompt development and use of energy from undeveloped geothermal areas; second priority for projects designed to demonstrate or use new technological advances; and third priority for projects that use the commercial potential of partially developed geothermal areas. In addition, preference is given to projects (a) that need a guaranty for only a portion of the loan, (b) that are to be carried out by small public and private utilities or small business, and (c) that will yield royalty payments to the Federal Government.

terms of loans.

Loan guaranties of up to 75% of the estimated aggregate cost of a project may be granted for up to 30 years. At least 25% of the project cost must be provided by the borrower. The maximum loan guaranty for a single project is set at \$100 million with allowances for larger amounts for projects considered to be in the national interest. The maximum loan guaranty amount that any single borrower may have outstanding is \$200 million.

However, the granting of a geothermal loan guaranty does not prohibit the borrower from qualifying for or obtaining other federal financial assistance.

In the event that default on the loan occurs, governmental recourse is limited to the assets associated with the project for which the loan was made. In some instances where project completion is considered to be of national significance, principal and interest assistance can be made available if needed, but are subject to total repayment.