

CJ Evans & ADE

DOE Title 17 & USDA Section 9003 Accomplishments

Here are some highlights of CJ Evans' and ADE's involvement with the U.S. Department of Energy's (DOE's) Loan Program Office (LPO) and its Title 17 Clean Energy Financing Loan Guarantee Program and the U.S. Department of Agriculture's (USDA's) Rural Development Agency and its Section 9003 Biorefinery, Renewable Chemicals, and Biobased Products Manufacturing Assistance Loan Guarantee Program:

- **CJ Evans, American Diversified Enterprises' (ADE's) founder and managing director, prepared one of the first 16 applications (known as the "sweet 16") selected in 2007 out of close to 350 submissions in response to the first solicitation issued in 2006 by the DOE's Title 17 program.** In addition:
 - ✓ CJ worked closely with the LPO loan officer assigned to the "sweet 16" application CJ had submitted, Richard (Dick) Corrigan, who had been engaged by DOE to help set up the LPO to administer the Title 17 program, so had an intimate knowledge of its inner workings, the reasons it had been created, and its failings and weaknesses (which informed several of the subsequent actions, in 2009 and 2021, that CJ undertook and, as a result of which had a significant impact on improving the program).
 - ✓ Dick later became one of ADE's financial specialists, beginning in 2014, contributing his expertise, experience, and insight to advance subsequent DOE, LPO, and USDA applications.
 - ✓ In 2009-10, the second application CJ submitted, on behalf of a biofuels project, was declined. **It is the only loan guarantee application prepared by ADE that has ever been declined ... out of the 18+ Title 17 applications (6 in 2022 and 2023 alone, 5 of which are entering Part II, in Part II, or undergoing due diligence following their Part II submissions)** and another dozen or so USDA Section 9003 and B&I loan guarantee applications that ADE has prepared on behalf of its client companies.
 - The application was declined, along with the other 12 biofuel project applications, because of a stipulation instituted by the LPO's recently hired executive director, Jonathan Silver, who brought his Wall Street and hedge fund outlook to the LPO and, because of a lack of real-world, hands-on-experience with projects of the type supported by the LPO and for which the Title 17 program had been created, insisted that only projects with fully executed offtake agreements be approved.
 - All the projects that were declined had LOIs but, of course, none had offtakes.
 - Needless to say, this was an unrealistic, impractical, and impossible-to-fulfill requirement for projects that were not yet financed, were using first-of-their-kind technologies, and had not started construction; hence, could not commit to providing a delivered product by a date certain (or any date), and on which an offtaker could not rely, at any conceivable time in the future, on receiving any of the purchased product to fulfill its supply needs.



- Virtually all the applicants, including the one CJ represented, were Renewable Fuels Association (RFA) member companies.
 - CJ also had a close working relationship with one of the Congressmen (Rep. Adam Putnam) who served on the House Agriculture Committee.
 - In fact, CJ was afforded space in Rep. Putnam's office when CJ was on Capitol Hill (often at a small intern's desk -- about the size of a typewriter table -- or in the "cage"/storage room across the hall).
 - CJ also drafted the first piece of legislation Rep. Putnam introduced as a freshman, which was incorporated into Sen. Tom Harkin's Conservation Stewardship Program in the 2008 Farm Bill.
 - With support from Dick Corrigan inside the LPO, Rep. Putnam's dismay about having a Florida project declined, and Bob Dineen's cooperation, CJ convinced Rep. Putnam to subpoena Jonathan Silver to testify and justify his actions (i.e., brought to the "woodshed") in front of the House Agriculture Committee.
 - It did not go well for him. As a result the "must have an offtake" stipulation was removed and substituted with a "must have a LOI" requirement.
- **As part of the 2008 Farm Bill, CJ worked with Rep. Putnam and House Agriculture Committee Chairman Colin Peterson on the development of the USDA's Section 9003 Biorefinery Manufacturing Assistance Program Loan Guarantee program** (which was created in the 2008 Farm Bill and expanded in 2014 by the advocacy of Rina Singh, Ph.D. who is now the Executive Vice President of the advocacy organization of which CJ is one of the co-founders, the Alternative Fuels & Chemicals Coalition, to include renewable chemicals and biobased products).
 - ✓ Rep. Peterson and Rep. Putnam and CJ had some differences of opinion on how the program should be structured, largely over how much "skin in the game" an applicant had to have (CJ was advocating for a 100% or at the least a 90% loan guarantee, Rep. Putnam was advocating for 90%, and Rep. Peterson was steadfast at 80%).
 - ✓ The Senate's Section 9003 language, in a word, sucked having been written by a staff person in Rep. Ted Kennedy's office (who had little knowledge about start up projects and did not serve on the Senate Agriculture Committee).
 - ✓ CJ worked with Georgia Sen. Saxby Chambliss' staff to organize meetings with USDA Rural Development officers to share information on the success of the USDA's Business & Industry (B&I) loan guarantee program and how it could be used as a model for the Section 9003 loan guarantee program.
 - ✓ **CJ then, at the request of Sen. Chambliss' staff, drafted language for the Section 9003 program which was incorporated almost in its entirety (with some tweaks by legislative counsel) into and passed as part of the Senate's 2008 Farm Bill.**
 - ✓ During the reconciliation of the House and Senate versions of the 2008 Farm Bill, the language from both bills was incorporated into the final 2008 Farm Bill, although Rep. Peterson won on the percentage of the Section 9003 loan amount which could be financed, which was capped at 80%, requiring a 20% match from the applicant (although, through Rep. Putnam's efforts, that includes "in kind" contributions).



- From 2014 to 2021 the LPO succeeded in only advancing one project to construction and commercialization: the Vogel Nuclear Power Plant in Georgia.
 - ✓ The half dozen+ projects for which ADE prepared applications and advanced through the Part I application process received invitations to proceed to Part II. None did, however; in large part because of the \$350,000 Part II application fee that each company would have to pay.
 - ✓ Instead, **because the applications that had been prepared by ADE for the Title 17 program received positive reviews by the LPO and were invited to submit Part II applications, thus bestowing the DOE/LPO imprimatur on each project, the projects to which ADE had contributed received infusions of investment capital and the financing necessary to move forward without the loan guarantee including, in several cases, from the private sector funding sources that had initially turned down the projects because they were "too new."**
- In 2020, Kilpatrick, Townsend & Stockton energy team leader and project financing attorney Mark Reidy, with whom CJ and ADE have collaborated on multiple occasions over the past 10 years, was engaged by a client that was interested in pursuing a Title 17 loan guarantee but wanted to have some of the requirements changed to better fit its project.
- Having recently co-founded the AFCC together and because of the advocacy CJ had undertaken with the House and Senate committees and appropriation subcommittees that oversee the Title 17 programs, **Mark asked CJ to draft legislative language in response to his client's requests and to address several of the problems that were plaguing the Title 17 program and preventing it from moving projects forward.**
 - ✓ The language CJ prepared went through several drafts and re-drafts as Mark, his client, and Rina provided input.
 - ✓ CJ also incorporated several of the fixes that had been proposed in three different bills introduced by Sen. Lisa Murkowski, none of which were ever voted out of committee, despite the fact that she chaired the Senate Committee on Natural Resources and Energy Committee.
 - ✓ Mark then brought in one of KTS' lobbyists to advocate on Capitol Hill, along with both Rina and CJ, for inclusion of the language in one of the bills moving through Congress.
 - ✓ The language, largely intact and addressing the changes and fixes that Mark, Rina, and CJ felt were needed, minus their attempt to eliminate the credit subsidy cost, was incorporated into the Energy Policy Act of 2020 and, subsequently, became Section 9010 of the Consolidated Appropriations Act of FY2021 (Public Law 116-260).
 - ✓ **The enactment of Section 9010 was called "A Game-Changer for Financing Clean Energy Projects" by Biomass Magazine, "The DOE Loan Guarantee Program re-invented, re-programmed, re-lived" by Biofuels Digest, and "... the largest win in the history of revising US federal government loan guarantee programs" by Mark Riedy.**