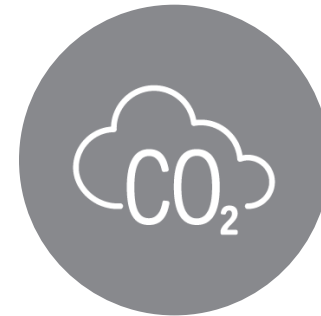




Program Overview

CO₂ Transportation Infrastructure Financing



How LPO works with the DOE Office of Fossil Energy and Carbon Management to offer access to capital for large-capacity, common-carrier carbon dioxide (CO₂) transport projects via the **Carbon Dioxide Transportation Infrastructure Finance and Innovation Act (CIFIA) Loan Program**

**The Pipeliners Association
of Houston**

Stuart Page
Senior Consultant

8 January 2024

What LPO Does



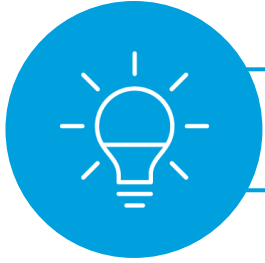
CIFIA will unlock economies of scale for CCUS through direct loans, loan guarantees, and Future Growth Grants, **activating interconnected regional carbon management markets nationwide.**

LPO Director Jigar Shah



The **U.S. Department of Energy Loan Programs Office (LPO)** works with the private sector to finance the deployment and scale-up of innovative clean energy technologies, build energy infrastructure and domestic supply chains, create jobs, and reduce emissions in communities across the United States.

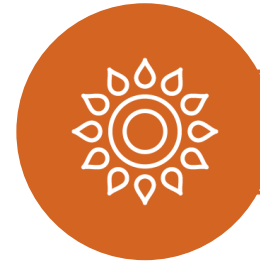
LPO Financing Programs



Title 17 Clean Energy (Title 17)

Financing for:

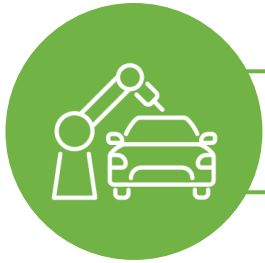
- Innovative Energy & Innovative Supply Chain (1703)
- State Energy Financing Institution (SEFI)-Supported (1703)
- Energy Infrastructure Reinvestment (EIR, 1706)



Tribal Energy (TELGP)

Financing for:

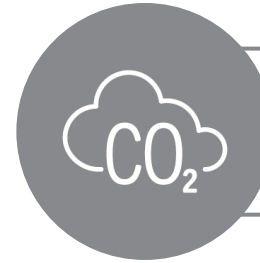
- Tribal energy development projects



Advanced Transportation (ATVM)

Financing for:

- Manufacturing of advanced technology vehicles, several modes of ATVs, components, and EV charging infrastructure



CO₂ Transportation Infrastructure (CIFIA)

Financing for:

- Large-capacity, common carrier CO₂ transportation projects

What LPO Offers Borrowers

LPO loans and loan guarantees are differentiated in the clean energy debt capital marketplace in **three primary ways:**



Access to Low-Cost Capital

that private lenders cannot or will not provide.



Flexible Financing

customized for the specific needs of individual borrowers.



Committed DOE Partnership

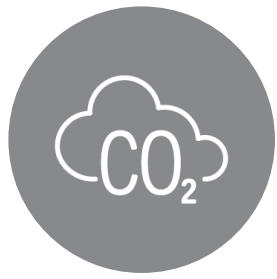
offering specialized expertise to borrowers for the lifetime of the project.



CO₂ Transportation Infrastructure Financing

CO₂
**TRANSPORTATION
INFRASTRUCTURE
FINANCING (CIFIA)**

- Carbon Dioxide Transportation Infrastructure Finance & Innovation (CIFIA) Program Program Overview
- CIFIA Selection Criteria, Pathway to Funding, and Terms
- CIFIA: Future Growth Grants



CO₂ Transportation Infrastructure (CIFIA)

The Carbon Dioxide Transportation Infrastructure Finance & Innovation Program

Summary

Enacted under the Bipartisan Infrastructure Law (BIL), the CIFIA program offers access to capital for large-capacity, common-carrier carbon dioxide (CO₂) transport projects, such as pipelines, rail, shipping, and other transport methods.

- Administered in partnership with DOE's Office of Fossil Energy and Carbon Management (FECM).
- Builds on other CCUS provisions of the BIL with up to \$2.1 billion to support loans, loan guarantees, grants, and administrative expenses to enable deployment of common carrier CO₂ transportation infrastructure.

Eligible Projects

- Common carrier transportation infrastructure for anthropogenic and ambient CO₂.
- Total project costs of at least \$100MM.
- Maximum U.S. produced iron, steel, and manufactured goods.

CIFIA Selection Criteria

Beyond Basic Eligibility: 3 Key Criteria for Selecting Projects

1. Reasonable prospect of repayment

- ✓ Strength of forecasted cash flows.
- ✓ Financial strength of obligor, investors, and strategic partners.
- ✓ Metrics/analyses used by private lenders and credit rating agencies.

2. Siting

- ✓ Proximity to a major carbon dioxide-emitting region of the United States.
- ✓ Proximity to existing infrastructure corridors.
- ✓ Proximity to industrial carbon capture hubs.
- ✓ Level of local, regional, state support.

3. Readiness to proceed

- ✓ Status of permitting.
- ✓ Ability to start construction no more than 90 days after closing on DOE financing.

CIFIA Pathway to Funding

From Project Application to Maturity

Pre-Application Consultations

Letter of Interest

Formal Application

Master Credit Agreements

Financing Documents

Financial Close

STEP 1

STEP 2

STEP 3

STEP 4

STEP 5

STEP 6

FECM & LPO conduct pre-application consultations with project sponsors.

Invited project sponsors submit a “Letter of Interest” to DOE with project information including:

- 1) Location, purpose, and cost;
- 2) Financial plan, credit request, and obligor; and
- 3) Status of environmental review.

Invited project sponsors submit a formal application to DOE with information required for due diligence and underwriting.

Successful projects enter into “Master Credit Agreements” or “Term Sheet” agreements with DOE.

Approved Master Credit Agreements (Term Sheet) may then be converted into financing documents.

DOE administers post closing phases of the financing.

Who will I work with?

- CIFIA is **administered jointly** by DOE’s Loan Programs Office (LPO) and Office of Fossil Energy & Carbon Management (FECM).
- **FECM provides technical and industry expertise** and oversees grant administration.
- **LPO provides project finance expertise** and oversees loan servicing.

Keep in mind!

** An applicant can pursue funding for **both** grant and loan simultaneously or separately based on their funding needs.



CIFIA Terms

Key Financing Terms from Regulation

1. Eligible costs include:

- ✓ Development and construction phase.
- ✓ Transaction costs and capitalized interest.

2. Tenor

- ✓ Earlier of a) 35 years after substantial completion and b) the useful life of project.

3. Debt to equity ratio

- ✓ Max of 80/20 relative to eligible project costs.

4. Interest rate:

- ✓ Not less than U.S. Treasury securities rate for similar maturity to secured loan.

5. Timing:

- ✓ Financial close within four years of Master Credit Agreement.
- ✓ Scheduled loan repayments begin not later than 5 years after substantial completion.

6. General requirements:

- ✓ Standard covenants, reps, and warranties.
- ✓ U.S. government is senior secured lender.
- ✓ Davis-Bacon wages paid for covered trades.

CIFIA “Future Growth Grants”

Grant Funding Through Office of Fossil Energy & Carbon Management

- ✓ CIFIA statute authorizes DOE to provide grants called “Future Growth Grants” (FGG).
- ✓ FGG will pay a portion (max 80%) of the difference between the cost of constructing the infrastructure asset with the capacity to transport an increased flow rate of CO₂, as made practicable under the project; and the cost of constructing the infrastructure asset with the capacity to transport CO₂ at the flow rate initially required, based on commitments for the use of the asset.
- ✓ Eligibility for CIFIA Program specified in BIL Section 999B(b) (42 U.S.C. § 16372); summarized in the CIFIA Program Guide published by the DOE Loan Program Office (LPO).
- ✓ FECM expects to issue the funding opportunity announcement (FOA) in Q4 of calendar year 2023.
- ✓ Enacting legislation (BIL) requires Letter of Intent (LOI) to be submitted to LPO.

Let's Talk About Your Project

Contact LPO to see what financing options may be available for your project



Schedule a no-fee, pre-application consultation:
[Energy.gov/LPO/Pre-App](https://www.energy.gov/LPO/Pre-App)



Learn more about LPO and all of its
financing programs at: [Energy.gov/LPO](https://www.energy.gov/LPO)

Questions? Call: [202-287-5900](tel:202-287-5900) or Email: LPO@hq.doe.gov

Stuart Page
Senior Consultant

Stuart.page@hq.doe.gov