

Infrastructure Plan Relies On Federal Loan Programs

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04 / 30 / 21

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On March 31, 2021, President Biden released one of his most significant policy initiatives, the American Jobs Plan. The eight-year, over \$2 trillion plan proposes large investments in a broadened scope of infrastructure. In addition to upgrades to traditional transportation infrastructure such as highways, bridges, ports, airports and transit systems, the plan details other priorities such as promoting electric vehicles, building a more resilient electric grid, rebuilding water infrastructure and expanding high-speed broadband access.

The plan's implementation is expected to rely heavily on direct financing from federal loan programs in addition to tax credits and other incentive programs, and direct loans and grants to states. Various federal agencies manage, or would manage, these credit programs, as detailed below.

Department of Energy

Secretary of Energy Jennifer Granholm is proposing to expand use of the Department of Energy's (DOE) Loan Guarantee Program, which has more than \$43 billion in loan guarantee authority available for innovative energy technologies. The funds would help achieve President Biden's climate and infrastructure goals (see "[Climate Change a Focus of Environmental Policy, Infrastructure Plan](#)") and promote improvements to the nation's electric grid in the aftermath of the Texas power emergency in February 2021. Currently, the DOE has monies available for advanced fossil energy (\$8.5 billion), advanced nuclear energy (\$10.9 billion), renewable energy and efficient energy (up to \$4.5 billion), advanced technology vehicles manufacturing (\$17.7 billion) and tribal energy projects (up to \$2 billion).

Over the last decade, the Loan Programs Office (LPO), which manages the Loan Guarantee Program, has issued more than \$35 billion in loans and loan guarantees to developers of more than 30 renewable energy, transmission and other projects across the U.S., serving as a partial bridge to bankability for many large renewable energy projects where commercial debt financing was not readily available. Technologies such as batteries and production of their critical mineral inputs, carbon capture and sequestration, electric vehicle manufacturing, green hydrogen, and offshore wind and transmission infrastructure are expected to emerge as LPO priorities. In December 2020, the DOE issued new guidance that clarified critical minerals' eligibility for loan guarantees and encouraged potential applicants to seek loans for their production, processing and recycling. Critical minerals are used for electric vehicles, renewable energy, advanced nuclear, hydrogen fuel cells and carbon capture, among other things.

On April 27, 2021, the DOE announced that up to \$3.25 billion from the Western Area Power Administration's Transmission Infrastructure Program, a unique federal debt financing program, will be open to applications for high-voltage electric transmission lines to unlock renewable energy in the West.

Department of Transportation

Under Secretary of Transportation Pete Buttigieg, the Department of Transportation (DOT) will aim to use the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Railroad Rehabilitation and Improvement Financing (RRIF) programs, as well as private activity bonds, to expedite the development of new infrastructure. To date, the DOT has closed \$34.5 billion in TIFIA financings and \$1.7 billion in RRIF financings with developers of public-private partnership (P3) projects and public sector borrowers.

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Environmental Protection Agency

To date, the Environmental Protection Agency (EPA) has announced the closing of approximately 50 Water Infrastructure Finance and Innovation Act (WIFIA) loans to private and public sector borrowers, providing over \$9.3 billion in credit assistance to help fund nearly \$20 billion of water infrastructure investments. The EPA also recently announced that it has approximately \$6.5 billion available to provide credit via two WIFIA programs..

The bipartisan Drinking Water and Wastewater Infrastructure Act of 2021 was introduced on March 23, 2021, and would authorize more than \$35 billion for drinking and wastewater infrastructure projects. It would also reauthorize the WIFIA program for federal fiscal years 2022 through 2026 at the current annual funding level.

Department of Agriculture

President Biden's first budget request for fiscal year 2022 included a discretionary request for a \$1 billion increase in loan authority for rural electric loans, to \$6.5 billion, to support additional clean energy, energy storage and transmission projects.

CO2 Infrastructure Finance and Innovation Act Program

On March 17, 2021, Sens. Chris Coons, D-Del., and Bill Cassidy, R-La., and Reps. Marc Veasey, D-Texas, and David McKinley, R-W.Va., introduced the bipartisan Storing CO2 and

Lowering Emissions (SCALE) Act to support the development of infrastructure to transport carbon dioxide from sites of capture to locations where it can either be utilized in manufacturing or sequestered safely and securely underground. The bill calls for establishment of a CO2 Infrastructure Finance and Innovation Act (CIFIA) program, which would provide flexible, low-interest loans for CO2 transport infrastructure projects. The program would be modeled on the existing TIFIA and WIFIA programs for highways and water, and would help facilitate private sector investment in CO2 transport infrastructure.

Digital Infrastructure

The American Jobs Plan proposes a \$100 billion investment in high-speed broadband infrastructure, building on the Leading Infrastructure for Tomorrow's (LIFT) America Act, introduced on March 11, 2021, by the Democratic members of the House Energy and Commerce Committee. The bill would invest \$312 billion in broadband as well as in clean energy and energy efficiency (for example, electric grid and electric vehicle infrastructure), drinking water and health care infrastructure. With regard to broadband specifically, the LIFT America Act would provide \$5 billion in low-interest federal financing for broadband deployment under a new Broadband Infrastructure Finance and Innovation Act (BIFIA) program to be administered by the Department of Commerce. The program would allow eligible entities to apply for secured loans, lines of credit and/or loan guarantees.