



DOE Releases New Report on Benefits of Recovery Act for Small Businesses

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The Department of Energy released a new report on March 17, 2010 highlighting the benefits of the Recovery Act for small businesses throughout the clean, renewable energy industry and environmental management sector. The report found that as of early March 2010, small businesses had been selected to receive nearly \$5.4 billion in funding across a number of Recovery Act and related programs, including loans, loan guarantees, grants, contracts and tax incentives, in partnership with the Department of the Treasury. The report highlights small businesses in a range of clean energy technologies, such as wind, solar, biofuels, Smart Grid, advanced batteries, energy storage, and energy efficiency tools. The Recovery Act's investments complement 2,800 loans that the Small Business Administration (SBA) approved from 2006 to 2009, worth \$656 million.

“Small business are the backbone of job creation in this country and have been a spring board for innovation in the clean energy sector,” said Secretary Chu in a media conference call. “The work these companies do and the innovation they produce will go a long way in helping our economy grow and our nation succeed.”

Small businesses are one of the main drivers of economic growth and innovation, as well as general employment. According to the SBA, firms with under 500 employees accounted for 64% (or about 14.5 million) of the 22.5 million net new jobs between 1993 and the third quarter of 2008. These jobs, coupled with jobs created by Recovery Act investments, are expected to accelerate the pace of innovation in a number of different sectors of the clean energy economy. DOE predicts that Recovery Act investments in small businesses will have a sizable “ripple effect” on the wider economy: jobs will be created indirectly through companies that support Recovery Act awardees and benefit from business opportunities resulting from Recovery Act funding.

Breakdown of Awards

Energy Efficiency

Small businesses have received almost \$11 billion in awards for energy efficiency from the Recovery Act, DOE's Weatherization Assistance Program, and various state energy grants. In addition to creating work for contractors insulating homes and installing efficient appliances, among other projects, these initiatives help small businesses save money on heating and cooling bills.

- Small businesses have received \$20.2 million in Recovery Act grants to improve energy efficiency in information and communications technology.
- Small businesses have received \$8.6 million in Recovery Act grants for projects designed to advance research and development of next-generation solid-state lighting.

Transportation

Small businesses are playing a key role in the development and expansion of a domestic manufacturing base to support electric and hybrid vehicles. Three DOE programs in particular have had an impact on small businesses:

- Advanced Battery Manufacturing Program: Intended to accelerate the development of U.S. manufacturing of batteries and electric drives. Awarded \$2 billion to 30 new advanced battery projects and electric drive projects. Small businesses received 9 of the 32 grants amounting to \$122.7 million.
- Transportation Electrification Program: Like the Advanced Battery Manufacturing Program, intended to promote U.S. manufacturing of batteries and electric drives; also designed to promote the deployment of electric vehicles. Awarded \$400 million to 18 projects. Small businesses received 2 of the 18 grants amounting to \$110 million.
- Advanced Technology Vehicles Manufacturing Loan Program: Intended to help the expansion of the U.S. auto sector's manufacturing capabilities for advanced technology vehicles that improve fuel efficiency. Awarded 3 loans and 1 conditional loan commitment amounting to \$8.4 billion. Small businesses have received 2 of the 4 loans awarded thus far amounting to \$993 million.

Tesla Motors received a \$465 million loan that will advance the production of its groundbreaking electric vehicles. The first part of the loan will finance a manufacturing facility that will produce up to 20,000 Tesla Model S sedans by the end of 2013. These all-electric vehicles consume no gasoline and run on electricity from any conventional 120V or 200V outlet. The manufacturing facility is expected to produce up to 1,000 jobs in California. The second part of the loan will support a facility that manufactures battery packs and electric drive trains, and is expected to employ 650 people.

Grid Modernization

DOE has made project selections (small businesses and otherwise) amounting to almost \$4.3 billion of the \$4.5 billion devoted to Smart Grid technologies allocated under the Recovery Act. This will be matched by \$4.7 billion in private financing for a total public-private investment of almost \$9 billion.

Small businesses received 6 grants under the Smart Grid Investment Grant Program (SGIG), amounting to \$82 million. The grants went to electric cooperatives, investor-owned utilities, municipal electric utilities and technology companies. Small businesses also received grants for Smart Grid regional and energy storage demonstration projects. Of the 40 demonstration projects that include large-scale energy storage, smart meters, distribution and transmission system monitoring and control devices, small businesses received 7 of the 40 total grants amounting to \$65.3 million.

The Recovery Act is also supporting small businesses through the Bonneville Power Administration (BPA) and the Western Area Power Authority (WAPA), which have \$3.25 billion each in borrowing authority.

Carbon Capture and Sequestration

The Recovery Act appropriated \$3.4 billion for the research, development and deployment of technologies that use coal in cleaner and more efficient ways. Of this amount, small businesses received grants to conduct site characterization of promising geological formations for CO₂ storage. Small businesses have received 3 of 11 grants amounting to \$13.8 million, out of \$50.6 million in available funding.

Small businesses also received grants under the \$100 million Technology Area 2 of a \$1.4 billion competitive solicitation for a range of industrial carbon capture and energy efficiency improvement projects. Small businesses received 6 of 12 Area 2 grants, and are competing for \$127 million in total grants.

Renewable Energy

Small businesses are developing local renewable energy projects and building out a renewable energy manufacturing base through a variety of government programs, including loan guarantees, grants and tax incentives:

- Small businesses have received 6 conditional loan guarantees, amounting to \$1.87 billion, from the DOE Section 1703 Loan Guarantee Program. The Program supports over \$50 billion in loan guarantees for a range of energy projects that reduce greenhouse gas emissions and pollutants and employ new or significantly improved technologies.
- Small businesses are estimated to have received 40-65 of the 183 grants made under the Advanced Manufacturing Tax Credits (Section 48C) Program, amounting to between \$436 and \$579 million (of \$2.3 billion in total grants). The 48C Program supports private capital investments of \$7.7 billion in the domestic manufacturing of advanced clean energy technologies including, solar, wind and efficiency and energy management technologies.
- Small businesses are estimated to have received between 234-270 of 450 awards made under Treasury's Section 1603 Program, amounting to between \$381 million and \$462 million (of \$2.72 billion in total awards). The 1603 Program has funded wind, solar, geothermal, hydropower, and combined heat and power technologies, among others. The Program is not capped, and is expected to provide another \$5 billion of awards.
- Small businesses received 65 of 250 total grants under the select competitive grant programs for renewable energy, amounting to \$145 million (of an original \$491 million).

First Wind, a wind energy developer, received \$115 million in 1603 awards to develop a variety of wind power projects. First Wind's Stetson II 26 MW project in Danforth, ME will create an estimated 200 construction jobs, 5-10 permanent jobs and 125 jobs across the U.S. that support the facility. The Milford Wind Corridor, Phase II 102 MW project in Milford, UT will support 250 construction jobs, 15 permanent jobs and 125 jobs across the U.S. First Wind also has received \$117 million in DOE loan guarantees to construct a 30 MW wind project in Hawaii.

U.S. Leadership in Science, Technology and Innovation

Small businesses are on the receiving end of a sizable portion of the \$2 billion in Recovery Act funding that will drive the next generation of technological breakthroughs in energy. The Advanced Research Projects Agency-Energy (ARPA-E) received \$400 million to fund R&D for transformational energy technologies. ARPA-E's first solicitation awarded \$151 million. 50% of those organizations submitting applications included small businesses in their research teams. The awards to small businesses amount to \$68 million to date. Small businesses that did not receive grants are still benefitting through partnerships with universities, national laboratories and large corporations that received grants under ARPA-E's programs.

Nuclear Waste

The Office of Environmental Management (EM) received \$6 billion under the Recovery Act to accelerate environmental cleanup work. The work includes projects to clean soil and groundwater, transport and dispose of waste, and clear and demolish former weapons facilities. EM provided \$396.5 million for small business prime contracts in FY 2009, and an additional \$300 million was provided to small businesses through subcontracts.

Small Business Innovation Research

The Small Business Innovation Research (SBIR) Program is supporting small business innovation research, development and deployment of clean energy technologies through \$78 million in Recovery Act funding. The awards given out are tailored to enhance commercialization and job creation. To date, the SBIR program has awarded 122 Recovery Act grants in amounts up to \$150,000 to 106 small technology firms across the U.S, for a total of \$18 million. The awards support projects in the areas of energy efficiency, renewable energy, Smart Grid and carbon capture. Companies that demonstrate successful results and show potential to meet market needs will be eligible for \$60 million in an accelerated second round of grants to be awarded in July 2010.