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Billions in Clean Energy Loans Go Unused as Coronavirus Ravages Economy

As Congress rushes out trillions of dollars to prop up businesses, the Energy Department is holding on to tens of billions in clean energy loans.

By Lisa Friedman

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WASHINGTON — As the government struggles to keep businesses afloat through the pandemic, the Trump administration is sitting on about $43 billion in low-interest loans for clean energy projects, and critics are accusing the Energy Department of partisan opposition to disbursing the funds.

Congress is already considering more coronavirus relief, despite a growing concern for an annual budget deficit projected to near a staggering $4 trillion. To some energy experts and lawmakers, it is unconscionable that tens of billions of dollars that Congress long ago authorized has sat unused.

“We’re searching high and low all over Washington, D.C., for money to put people back to work and here we have more than $40 billion,” said Dan Reicher, executive director of the Steyer-Taylor Center for Energy Policy and Finance at Stanford University, who served at the Energy Department under President Bill Clinton. “This is the moment to really put these programs back in gear.”

The loans — which would aid renewable power, nuclear energy and carbon capture and storage technology — had some bipartisan support even before the coronavirus pushed 30 million people onto the unemployment rolls. But some supporters of the program said it was being held back by a president who has falsely claimed wind power causes cancer and consistently sought deep cuts to renewable energy spending, including the loan program.

“They haven’t put out any or almost any of these loans since he’s become president,” said Representative Frank Pallone Jr. of New Jersey, chairman of the House Energy and Commerce Committee. “There’s an ideological or political aspect to this. The president is not someone who seeks to promote the clean energy sector.”

Mr. Pallone said low-carbon technology efforts had created more than 3 million jobs before the pandemic, and said he planned to prioritize finding ways to address the unspent loans in the next stimulus.

The last new project approved under the programs came in late 2016, a loan to a carbon capture and storage plant in Louisiana. The Trump administration did approve one follow-up loan for a nuclear reactor project in Georgia, but the process had begun under the Obama administration.

Shaylyn Hynes, a spokeswoman for the Department of Energy, declined to explain why loans are not being disbursed. She said the Trump administration had supported renewable energy in other ways, like funding research and development for wind and solar power. She also said in a statement that Energy Secretary Dan Brouillette had directed the agency to “utilize all of its resources to be supportive of the energy industry during the Covid-19 pandemic, including the loan program office.”

The money in question comes from multiple sources, including a $17.7 billion loan program for advanced vehicle technology and a $2 billion loan program for tribal energy projects.

The bulk of it, about $24 billion, is in what is known as the Title XVII loan program. That was authorized in 2005 to support the deployment of large projects that avoid, reduce or sequester planet-warming emissions. In 2009, in response to the last financial crisis, Congress temporarily expanded the program. During that time the Obama administration granted a $535 million loan to Solyndra, a California solar company that went bankrupt.

That failure still serves as a cautionary tale for many conservatives who say the program is fundamentally flawed.

Nicolas Loris, an economist and research fellow at the Heritage Foundation, a conservative research organization, said the federal government should not be in the business of helping to commercialize energy.

"I'd rather see it not spent or redirected to research," Mr. Loris said of the total $43 billion in loan guarantees. He added that he felt there were better ways to help the clean energy industry right now, like eliminating President Trump's tariffs on imported solar panels.

But the Title XVII loan guarantee program isn't all, or even mostly, for renewable energy. It is divided into $10.9 billion for advanced nuclear energy, $8.5 billion for advanced fossil energy and $4.6 billion for renewables.

"Republicans have decided they don't want this money to go out, even though a lot of it could be for things they say they like, like for the oil and gas industry or carbon capture and sequestration or the nuclear industry," said Peter W. Davidson, who led the loan program under former President Barack Obama and is now chief executive of Aligned Climate Capital, an asset management company.

Sydney Bopp, associate director for technology policy at the Bipartisan Policy Center who worked in the Energy Department during the Obama and Trump administrations, noted that some challenges with the program were systemic. For example, projects must prove that they can sell their energy and repay the loan. That's a slow process, and it is part of the reason the loans were designed not to expire.

"Big, first-of-a-kind projects take time," Ms. Bopp said. "Trying to move them along is not an easy undertaking."