

117TH CONGRESS
2D SESSION

S. 4626

To require the Secretary of Energy to establish a program to provide loans to manufacturers of energy grid products and components.

IN THE SENATE OF THE UNITED STATES

JULY 27, 2022

Mr. RUBIO introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To require the Secretary of Energy to establish a program to provide loans to manufacturers of energy grid products and components.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Facilitating the Re-
5 shoring of Energy Grid Component Manufacturing Act of
6 2022”.

7 **SEC. 2. ENERGY GRID PRODUCT AND COMPONENT MANU-**
8 **FACTURING IN THE UNITED STATES.**

9 (a) DEFINITIONS.—In this section:

1 (1) COMPONENT.—The term “component”
 2 means any part or element of an energy grid prod-
 3 uct.

4 (2) ELIGIBLE PROJECT.—The term “eligible
 5 project” means a project to reequip, expand, or es-
 6 tablish (including through new construction) a man-
 7 ufacturing facility in the United States to produce
 8 energy grid products or components.

9 (3) ENERGY GRID PRODUCT.—The term “en-
 10 ergy grid product” means—

11 (A) a bulk-power system (as defined in sec-
 12 tion 215(a) of the Federal Power Act (16
 13 U.S.C. 824o(a)));

14 (B) a large power transformer;

15 (C) a switchgear or breaker;

16 (D) a converter;

17 (E) a direct current filter;

18 (F) an alternating current switch or
 19 switchyard;

20 (G) an insulated-gate bipolar transistor;

21 (H) a capacitor;

22 (I) an inductor;

23 (J) an arrestor;

24 (K) a resistor;

25 (L) a distribution transformer;

- 1 (M) grain-oriented electrical steel;
- 2 (N) continuously transposed conduction
- 3 (CTC) copper wire;
- 4 (O) silicon steel;
- 5 (P) any insulating material; and
- 6 (Q) any other electrical equipment com-
- 7 monly used for the transmission or distribution
- 8 of electric energy by public electric utilities.

9 (4) SECRETARY.—The term “Secretary” means
10 the Secretary of Energy.

11 (b) LOAN PROGRAM.—

12 (1) ESTABLISHMENT.—

13 (A) IN GENERAL.—Not later than 180
14 days after the date of enactment of this Act,
15 and subject to the availability of appropriated
16 funds, the Secretary shall establish and carry
17 out a program to provide a total of not more
18 than \$8,000,000,000 in loans to eligible individ-
19 uals and entities (as determined by the Sec-
20 retary) for the costs of activities relating to eli-
21 gible projects.

22 (B) FINANCING METHOD.—

23 (i) IN GENERAL.—Except as provided
24 in clause (ii), a loan under this subsection
25 shall be provided through the Federal Fi-

1 nancing Bank, with the full faith and cred-
2 it of the United States Government on the
3 principal and interest.

4 (ii) COOPERATION WITH OTHER INSTI-
5 TUTIONS.—A loan under this subsection
6 may be provided in cooperation with 1 or
7 more banks or other financial institutions
8 through agreements to participate on an
9 immediate or deferred (guaranteed) basis.

10 (C) CREDIT SUBSIDY.—The full credit sub-
11 sidy for each loan provided under this sub-
12 section shall be paid by the Secretary using ap-
13 propriated funds.

14 (2) APPLICATION.—An individual or entity de-
15 siring a loan under this subsection shall submit to
16 the Secretary an application at such time, in such
17 manner, and containing such information as the Sec-
18 retary may require, including a written assurance
19 that—

20 (A) all laborers and mechanics employed
21 by contractors or subcontractors during any
22 construction, alteration, or repair that is fi-
23 nanced, in whole or in part, by a loan provided
24 under this subsection shall be paid wages at
25 rates not less than those prevailing on projects

of a character similar in the locality, as determined by the Secretary of Labor in accordance with sections 3141 through 3144, 3146, and 3147 of title 40, United States Code; and

(B) the Secretary of Labor shall, with respect to the labor standards described in this paragraph, have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (5 U.S.C. App.) and section 3145 of title 40, United States Code.

(3) SELECTION OF LOAN RECIPIENTS AND ELIGIBLE PROJECTS.—

(A) IN GENERAL.—The Secretary may provide a loan under this subsection if the Secretary determines that—

(i) the loan recipient—

(I) has a reasonable prospect of repaying the principal and interest on the loan;

(II) will provide sufficient information to the Secretary for the Secretary to ensure that the loan proceeds are expended efficiently and effectively; and

1 (III) has met such other criteria
2 as may be established and published
3 by the Secretary; and

4 (ii) the amount of the loan (when
5 combined with amounts available to the
6 loan recipient from other sources) will be
7 sufficient to carry out the eligible project
8 for which the loan is provided.

9 (B) REASONABLE PROSPECT OF REPAY-
10 MENT.—The Secretary shall base a determina-
11 tion of whether there is a reasonable prospect
12 of repayment of the principal and interest on a
13 loan under subparagraph (A)(i)(I) on a com-
14 prehensive evaluation of whether the loan re-
15 cipient has a reasonable prospect of repaying
16 the principal and interest, including, as applica-
17 ble, an evaluation of—

18 (i) the strength of the contractual
19 terms of the applicable eligible project (if
20 commercially reasonably available);

21 (ii) the forecast of noncontractual
22 cash flows supported by market projections
23 from reputable sources, as determined by
24 the Secretary;

1 (iii) cash sweeps and other structure
2 enhancements;

3 (iv) the projected financial strength of
4 the loan recipient—

5 (I) at the time of loan close; and

6 (II) throughout the loan term
7 after the applicable eligible project is
8 completed;

9 (v) the financial strength of the inves-
10 tors and strategic partners of the loan re-
11 cipient, if applicable; and

12 (vi) other financial metrics and anal-
13 yses that are relied on by the private lend-
14 ing community and nationally recognized
15 credit rating agencies, as determined to be
16 appropriate by the Secretary.

17 (4) RATES, TERMS, AND REPAYMENT OF
18 LOANS.—A loan provided under this subsection—

19 (A) shall have an interest rate that, as of
20 the date on which the loan is provided, is equal
21 to the cost of funds to the Department of the
22 Treasury for obligations of comparable matu-
23 rity;

24 (B) shall have a term equal to the lesser
25 of—

(i) the projected life, in years, of the eligible project to be carried out using proceeds from the loan, as determined by the Secretary; and

(ii) 20 years;

(C) may be subject to a deferral in repayment for not more than 5 years after the date on which the eligible project carried out using proceeds from the loan first begins operations, as determined by the Secretary;

(D) shall be made by the Federal Financing Bank; and

(E) shall be subject to the condition that the loan is not subordinate to other financing.

(5) CONFLICTS OF INTEREST.—For each loan provided under this subsection, the Secretary shall certify that political influence did not affect the provision of the loan, including—

(A) selection of the eligible project for which the loan was provided; and

(B) selection of the loan recipient.

(6) ADMINISTRATIVE FEE.—The Secretary may charge a fee for the administrative and closing costs of a loan provided under this subsection, subject to

1 the condition that the fee does not exceed the lesser
2 of—

3 (A) \$100,000; and

4 (B) 10 basis points of the principal
5 amount of the loan.

6 (c) IMPROVEMENT.—Not later than 90 days after the
7 date of enactment of this Act, the Secretary shall promul-
8 gate an interim final rule establishing regulations that the
9 Secretary determines to be necessary to administer this
10 section and any loans provided by the Secretary under
11 subsection (b).

12 (d) PRIORITY.—

13 (1) IN GENERAL.—In providing loans under
14 this section to manufacturers (including component
15 suppliers) that have existing facilities, the Secretary
16 shall give priority to manufacturers that are seeking
17 to expand manufacturing output through—

18 (A) the establishment of 1 or more new fa-
19 cilities; or

20 (B) the reopening of 1 or more facilities.

21 (2) IDLE FACILITIES.—A facility described in
22 subparagraph (A) or (B) of paragraph (1) may be
23 sitting idle as of the date on which the applicable
24 loan is provided under this section.

1 (e) SET ASIDE FOR SMALL ENERGY GRID PRODUCT
 2 MANUFACTURERS AND COMPONENT SUPPLIERS.—

3 (1) DEFINITION OF COVERED FIRM.—In this
 4 subsection, the term “covered firm” means a firm
 5 that—

6 (A) employs fewer than 500 individuals;
 7 and

8 (B) manufactures energy grid products or
 9 components.

10 (2) SET ASIDE.—Of the amounts used to pro-
 11 vide loans each fiscal year under subsection (b), the
 12 Secretary shall use not less than 5 percent to pro-
 13 vide loans to—

14 (A) covered firms; or

15 (B) consortia led by covered firms.

16 (f) APPOINTMENT AND PAY OF PERSONNEL.—

17 (1) IN GENERAL.—The Secretary may use di-
 18 rect hiring authority pursuant to section 3304(a)(3)
 19 of title 5, United States Code, to appoint such pro-
 20 fessional and administrative personnel as the Sec-
 21 retary determines to be necessary to carry out this
 22 section and any functions of the Secretary under
 23 this section.

24 (2) RATE OF PAY.—The rate of pay for a per-
 25 son appointed pursuant to paragraph (1) shall not

1 exceed the maximum rate payable for GS–15 of the
2 General Schedule under chapter 53 of title 5, United
3 States Code.

4 (3) CONSULTANTS.—The Secretary may retain,
5 pursuant to section 1901 of title 41, United States
6 Code, such consultants as the Secretary determines
7 to be necessary to carry out this section and any
8 functions of the Secretary under this section.

9 (g) OUTREACH.—In carrying out this section, the
10 Secretary shall—

11 (1) provide assistance with the completion of
12 applications for loans under this section; and

13 (2) conduct outreach, including through con-
14 ferences and online programs, to disseminate infor-
15 mation about loans under this section to potential
16 applicants.

17 (h) REPORT.—Not later than 2 years after the date
18 of enactment of this Act, and every 2 years thereafter,
19 the Secretary shall submit to Congress a report on the
20 status of projects supported by a loan under this section,
21 including—

22 (1) a list of projects for which a loan was pro-
23 vided under this section, including, with respect to
24 each project—

25 (A) the loan amount; and

1 (B) the construction status of the project;

2 (2) the status of the loan repayment for each
3 project, including future repayment projections;

4 (3) data regarding the number of direct and in-
5 direct jobs retained, restored, or created by financed
6 projects;

7 (4) a projection of the number of new projects
8 for which the Secretary expects to provide a loan
9 under this section during the 2-year period begin-
10 ning on the date of the report, including the pro-
11 jected aggregate loan amount over that 2-year pe-
12 riod;

13 (5) an evaluation of ongoing compliance with
14 the assurances and commitments (and the accuracy
15 of any predictions) made by applicants pursuant to
16 paragraphs (2) and (3) of subsection (b);

17 (6) the total number of applications received by
18 the Secretary each year; and

19 (7) any other metrics that the Secretary deter-
20 mines to be appropriate.

21 (i) FUNDING.—

22 (1) RESCISSION.—Of the unobligated balance of
23 amounts made available by section 129 of division A
24 of the Consolidated Security, Disaster Assistance,
25 and Continuing Appropriations Act, 2009 (Public

1 Law 110–329; 122 Stat. 3578), \$2,400,000,000 are
2 rescinded.

3 (2) DIRECT APPROPRIATION.—If sufficient un-
4 obligated amounts made available by section 129 of
5 division A of the Consolidated Security, Disaster As-
6 sistance, and Continuing Appropriations Act, 2009
7 (Public Law 110–329; 122 Stat. 3578), are available
8 on the date of enactment of this Act to execute the
9 entire rescission described in paragraph (1), on the
10 day after the execution of the entire rescission, there
11 is appropriated to the Secretary, out of amounts in
12 the Treasury not otherwise appropriated,
13 \$2,400,000,000 to carry out this section, to remain
14 available until expended.

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