

CIFIA

Program Overview

Regional Carbon Management Applicant Workshop

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What is CIFIA

Section 40304 of the Infrastructure Investment and Jobs Act of 2021

- Carbon Dioxide Infrastructure Finance and Innovation Act (CIFIA).
 - Authorized \$2.1 billion in “credit subsidy” for “common carrier” CO₂ transportation “infrastructure”.
- “Credit subsidy” is NPV of estimated long-term cost to the Federal gov’t of the credit instrument (i.e., a risk-based fee).
 - *\$2.1 billion in credit subsidy implies potential lending authority of \$20+ billion (minus potential grants).*
- “Common carrier” means a transportation infrastructure operator or owner that:
 - *Publishes a publicly available tariff containing the just and reasonable rates, terms, and conditions of nondiscriminatory service; and*
 - *Holds itself out to provide transportation services to the public for a fee.*
- “Infrastructure” includes pipeline, shipping, rail, or other forms of infrastructure and equipment to transport or handle CO₂ from anthropogenic sources or ambient air.



Status of Implementation

Target Launch on October 1, 2022

- Being implemented by DOE's Office of Fossil Energy and Carbon Management (FECM) and Loan Programs Office (LPO).
 - *FECM – technical and industry expertise, grant administration infrastructure.*
 - *LPO – project finance expertise, loan service infrastructure.*
- Stakeholder outreach underway.
- Coordinating with related Federal programs and initiatives.
- Developing guidance document and online resources for applicants.
- Goal to begin accepting Letters of Interest in October 2022.



Pathway to Funding

From Application to Maturity

- FECM and LPO (DOE) conduct pre-application consultations with project sponsors.
- Invited project sponsors submit a “Letter of Interest” to DOE with project information including:
 - *Location, purpose, and cost;*
 - *Financial plan, credit request, and obligor; and*
 - *Status of environmental review.*
- Invited project sponsors may then submit an “Application” to DOE with information required for due diligence and underwriting.
- Successful projects enter into “Master Credit Agreements” with DOE.
- Approved Master Credit Agreements may then be converted into financing documents.
- DOE administers post closing phases of the financing.



Selection Criteria

Four Key Criteria

- Eligible project.
 - *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.*
- 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.*
- 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.*
- Readiness to proceed.
 - *Status of permitting.*
 - *Ability to start construction no more than 90 days after closing on DOE financing.*



Terms

Key Financing Terms from Regulation

- Eligible costs include:
 - *Development and construction phase.*
 - *Transaction costs and capitalized interest.*
 - *Refinance of other project financial obligations.*
- Tenor – earlier of a) 35 years after substantial completion and b) the useful life of project.
- Debt to equity ratio – max of 80/20 relative to eligible project costs.
- Interest rate – not less than U.S. Treasury securities rate for similar maturity to secured loan.
- Timing:
 - *Financial close within four years of Master Credit Agreement.*
 - *Scheduled loan repayments begin not later than 5 years after substantial completion.*
- General requirements:
 - *Standard covenants, reps, and warranties.*
 - *U.S. gov't is senior secured lender.*
 - *Davis-Bacon wages paid for covered trades.*



Let's Talk About Your Project

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

energy.gov/LPO



Call or write to schedule a no-fee, pre-application consultation: **202-287-5900** | lpo@hq.doe.gov



Learn more about LPO and all of its financing programs at: energy.gov/LPO

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