



## ***Financing Clean Tech Exports***

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**Presentation to NASBITE International Conference 2009**

# U.S. Ex-Im Bank

- ✂ Independent agency of the U.S. government established in 1934 to finance the export sales of U.S.-made goods and services
- ✂ Provides Loan Guarantees, Export Credit Insurance, Working Capital Guarantees, Direct Loans, and maintains a Tied Aid Capital Projects Fund
- ✂ Ex-Im Bank's support for renewable energy and environmental exports mandated in its Congressional Charter since 1992; EEP created in 1994
  - ✂ The Bank's EEP grew 5 transactions in 1994 to 87 transactions in 2008, with a total current portfolio in excess of nearly \$3 billion
  - ✂ FY2008, the Bank authorized \$226.9 million in financing to support an export value of \$434.2 million in environmentally beneficial goods and services
  - ✂ Created the Office of Renewable Energy & Environmental Exports in 2008
- ✂ Environmental Exports Program offers enhancements:
  - ✂ Terms of up to 15-years for renewable energy, and water treatment projects
  - ✂ Capitalization of interest during construction
  - ✂ Up to 30% local cost support within the U.S. scope of supply.



# Support for Environmental Exports

- ✂ Ex-Im Bank has supported hundreds of individual renewable energy transactions and projects worth \$1.3 billion+ since the EEP began in 1994
  - ✂ In just the past 5 years Ex-Im Bank has provided support to Powerlight, UniSolar, Evergreen Solar, GT Solar, Southwest Windpower, SolarWorld, etc
  - ✂ Export value of nearly \$400 million in renewable energy exports supported
  - ✂ Large and growing pipeline of projects in renewable energy
  - ✂ 5 solar projects worth \$65 million approved for Gochang Solar April 2, 2009
- ✂ Over the past 4 years, Ex-Im Bank has supported the export value of \$400 million in water and wastewater treatment exports.
- ✂ Ex-Im Bank often plays a critical early-stage role in helping small clean tech companies finance their operations.
- ✂ With Ex-Im Bank's early-stage intervention these companies can grow their international business, increase profitability, and ultimately attract significant equity investment.



# A Focus on Clean Tech: *Renewable Energy*

- ✂ **New global investments in renewable energy grew from \$148.4 billion in 2007 to \$155.4 billion in 2008 vs. \$33.2 billion in 2003 (Source: *New Energy Finance*)**
- ✂ **Global revenues for solar photovoltaics, wind power, and biofuels expanded from \$75.8 billion in 2007 to \$115.9 billion in 2008**
  - ✂ **Solar: \$29.6 billion      Wind: \$51.4 billion      Biofuels: \$34.8 billion**
  - ✂ **Solar Photovoltaic is the world's fastest growing energy source: 1.3 GW in 2001, global solar PV installed capacity reached 15.2 GW in 2008**
- ✂ **American Recovery and Reinvestment Act of 2009, signed into law in Feb. by President Obama:**
  - ✂ **\$70 billion+ in direct spending and tax credits for clean-energy and advanced transportation programs**
  - ✂ **largest federal commitment in U.S. history for renewable energy, advanced transportation, and conservation initiatives!**



# Export Credit Insurance

- ⌘ Enables U.S. exporters to offer short- and medium-term *credit directly to their customers.*
- ⌘ Ex-Im Bank offers both Multi-buyer and Single-Buyer Insurance
- ⌘ Export credit is an attractive substitute to cash-in-advance, letters of credit and costly local bank financing.
- ⌘ Using Ex-Im Bank to *insure a letter of credit instead of paying bank confirmation charges* usually more cost effective.
- ⌘ Insures up to 180 days from date of importation of the goods; capital goods terms of 360 days-7+ years.
- ⌘ Only an invoice of the sale needed for O/A short-term credit
- ⌘ *Insurance lowers reserve requirements for commercial banks.*



# Multi-buyer Insurance Policy

- ✂ Covers short-term sales made by a exporter during a 12-month period - policy requires ALL export credit sales to be insured
- ✂ Provides 95% commercial, 95% political coverage against buyer payment defaults, \$0 loss deductible for small business
- ✂ *Special Buyer Credit Limits* provided revolving lines for foreign buyers for a 1-year period.
- ✂ Experienced exporters allowed to insure sales to foreign buyers *without* Ex-Im Bank's approval up to certain limits.
- ✂ Exporter should have at least 1 year of successful operations; positive net worth; 1 principal engaged full time in company.
- ✂ Premium payments based on actual shipments; premiums based on exporter experience, credit terms, buyer's country.



# Short-Term Single Buyer Policy

- ✂ Covers short-term export credit sales made by an exporter to a *single* foreign buyer during a 12-month policy period.
  - ✂ Can support single or multiple shipments
- ✂ Provides 90% commercial, 95% for L/C transactions, 100% political coverage against buyer payment defaults, \$0 loss deductible.
- ✂ A “lock-in” feature commits Ex-Im Bank coverage offer over a 90-day period – useful when sale still in negotiation stage.
- ✂ “*Enhanced*” assignment of exporter’s receivables to banks for immediate funding available.
- ✂ Premium rates based on a fixed fee schedule based on the term of the credit, type of buyer, and country of the buyer.



# Case Study: Sunwize

- ✂ *Sunwize Technologies Inc.* is using Ex-Im Bank's Short-Term Insurance to offer "open account" credit to customers worldwide.
- ✂ *Sunwize* exports both modules and turnkey solar power systems.
- ✂ *Sunwize* use of Ex-Im Bank Insurance is supporting their growth in exports as financing to overseas dealers enables financing to *their* customers, and projects.
- ✂ Wireless Energy Chile is using a \$300,000 180-day credit line from *Sunwize* to finance their expanding operations, and to provide financing to their customers.
- ✂ Financing is often THE critical factor in financing export sales, open account credit has advantages:
  - ✂ "Supplier credit" attractive substitute to buyer using L/Cs
  - ✂ Interest rates high in many international markets
  - ✂ Increase order quantities to existing customers/distributors







# Case Study: Energy Recovery, Inc.

- ✂ Energy Recovery, Inc. (ERI), San Leandro, CA has used Ex-Im Bank's environmental insurance since 2002, and also of an Ex-Im Bank-guaranteed working capital line of credit.
- ✂ ERI's patented PX system recovers energy from seawater desalination reverse osmosis systems at up to 97% efficiency.
- ✂ ERI's PX® technology has emerged as the industry standard solution for seawater desalination, specified by over 80 OEMs worldwide with over 6,130 PX® devices installed saving customers an estimated 580 MW of energy or \$407 million a year in operating costs.
- ✂ Ex-Im Bank's Short-Term Insurance enables ERI to offer open account financing to international customers @ 1% cost for 120-day credit.
- ✂ Ex-Im Bank's Working Capital Guarantee helps ERI finance the build-out for export orders.
- ✂ For ERI, exports to Australia, the Middle East, China, Europe and North Africa accounting for nearly 100% of the sales



# Direct Loan Program

- ✂ **Direct Loans made by Ex-Im Bank to a foreign buyer**
- ✂ **Fixed interest rates based on a 1% spread over 3-, 5-, and 7-year U.S. Treasury notes**
  - ✂ **Current interest rate for 10-15 year Direct Loan is 3.30%**
- ✂ **If the contract has been awarded, only the international borrower may submit the final commitment (AP) application.**
- ✂ **Ex-Im Bank requires the buyer to make a cash payment to the exporter equal to at least 15% of the U.S. supply contract.**
  - ✂ **15% cash payment can either be borrowed from a lender or the exporter, or be from the buyer's own funds.**
- ✂ **Exporter paid with disbursement L/C**
- ✂ **A negotiated credit agreement required for a Direct Loan**



# Loan & Guarantee Program

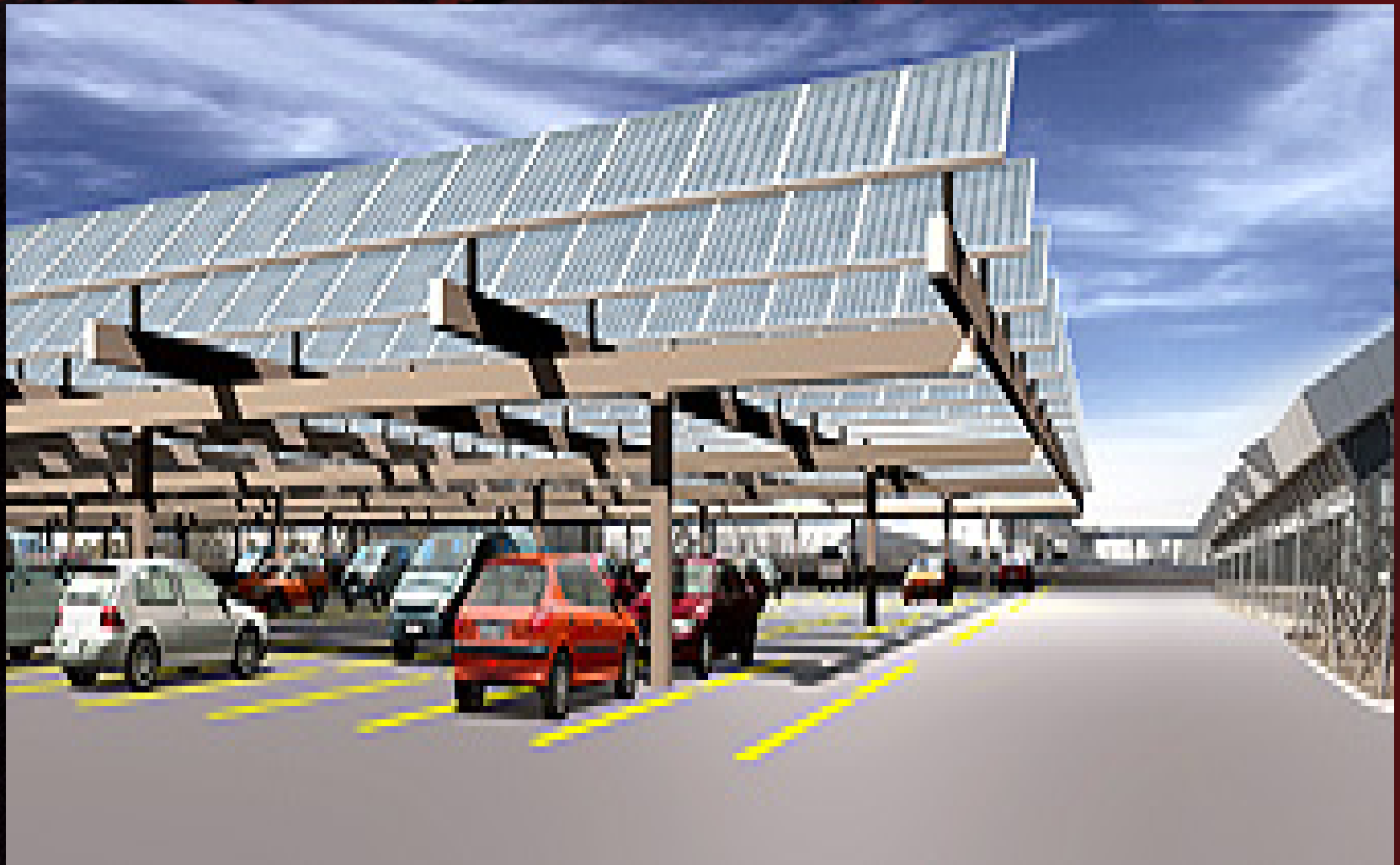
- ✂ ***Guaranteed Loans*** made by commercial banks (U.S. or foreign) to a foreign buyer with a 100% *unconditional* repayment guarantee from Ex-Im Bank
  - ✂ Guarantee covers 85% of the U.S. content of the transaction.
  - ✂ *Negotiated* interest rates, usually a floating rate based on spread over 6-month U.S. dollar LIBOR rate
  - ✂ Loan fully transferable, can be securitized
  - ✂ Banks often finance the 15% required cash payment
  - ✂ Guarantee available in major foreign currencies



# Structured Financing: Korea Solar

- ⌘ **Loan Guarantee to *City National Bank* supported 15-year, \$7.8MM financing for 1MW solar power project in Gwangju, Korea.**
  - ⌘ **Ex-Im Bank's first 15-year deal under the new OECD terms.**
- ⌘ ***Powerlight, Berkely, CA*, will design, develop, and deploy the solar power plant, located at the Kim Dae Jung Convention Center.**
- ⌘ **Ex-Im Bank used the “structured finance” approach to create a reasonable assurance of repayment and support the project.**
  - ⌘ **No outside financial advisors, limited legal fees**
- ⌘ **Structure of the deal included:**
  - ⌘ **15-year guaranteed tariff rate for power sales**
  - ⌘ **Corporate guarantees of two relatively small private-sector companies as project sponsors**
  - ⌘ **Mortgage on the solar panels**
  - ⌘ **Debt service reserve account**
  - ⌘ **Financial covenants**





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# Working Capital Guarantee

- ✂ Ex-Im Bank provides 90% repayment Guarantee for working capital loans, revolving or transaction based, made by commercial lenders to small businesses to finance export sales.
- ✂ The Working Capital Guarantee serves as the collateral to the commercial lender by mitigating the risk inherent when the source of repayment for the loan is an overseas contract.
- ✂ Enables exporters to finance materials, labor, and overhead to produce goods/services for export.
- ✂ Enables exporters to cover standby letters of credit for bid and performance bonds, or payment guarantees.
- ✂ Enables the exporters to finance foreign sales receivables.
- ✂ Most Working Capital Guarantees provided by Delegated Authority Lenders (see [www.exim.gov](http://www.exim.gov) for a list) without prior Ex-Im Bank approval.



# Case Study: United Solar Ovonic

- ✂ In Feb. 2008, Ex-Im Bank guaranteed a \$25 million revolving credit working capital line for United Solar Ovonic of Auburn Hills, MI.
- ✂ The credit was guaranteed under Ex-Im Bank's 'Fast Track' Working Capital Guarantee Program that helps small and medium-sized businesses obtain larger working capital loans in less time.
- ✂ Experienced lenders that qualify for the program can provide up to \$25 million per borrower in Ex-Im Bank-guaranteed financing.
- ✂ The guaranteed lender is JP Morgan Chase Bank in Cleveland, OH
- ✂ United Solar Ovonic, a wholly owned subsidiary of Energy Conversion Devices Inc., is using the credit line to finance the export of its thin-film solar laminates used in solar rooftop installations to customers in Europe and Asia.
- ✂ "Our ability to access a line of credit of this size based on export-eligible receivables and inventory is tremendously helpful. The reduced amount of time involved enables us to move quickly to expand our export sales."
  - ✂ Sanjeev Kumar, Vice President & CFO







# Case Study: Aquatech International

- ✂ Aquatech International Corp. exported a waste water recycle/reuse facility to Oman valued at over \$100 million with the help of a \$23 million Working Capital Loan Guarantee
  - ✂ Working Capital Guarantee line renewed in January 2009
- ✂ Aquatech's MVC evaporation technology used to desalinate and recycle waste water generated by an oil recovery facility.
- ✂ PNC Bank in Pittsburgh, Pa., provided Aquatech with working capital to fulfill its contract for its sale to Occidental Mukhaizna LLC, in Oman.
- ✂ Growth in Aquatech's international contracts has increased the company's need for quick access to working capital financing.
- ✂ A March 2006, Ex-Im Bank guarantee supported a \$25 million working capital loan from PNC Bank under Ex-Im Bank's *Fast Track* program - small and medium-sized U.S. exporters obtain larger Ex-Im Bank-guaranteed working capital loans in less time.
- ✂ Aquatech used this loan to support other export contracts, including a sale to Italy's largest power company.



# Conclusion

- ✧ Ex-Im Bank: top priority to support renewable energy & environmental exports
- ✧ Ex-Im Bank supports short, medium, and long-term financing to creditworthy international customers, and working capital guarantees to U.S. exporters
- ✧ Ex-Im Bank is interested in any size project
- ✧ We will work with you to create “bankable” projects
- ✧ We welcome your projects and your ideas!
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