



The Honorable Fred Upton, Chairman  
Committee on Energy and Commerce  
US House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Ed Whitfield, Chairman  
Subcommittee on Energy and Power

The Honorable Cliff Stearns, Chairman  
Subcommittee on Oversight and Investigations

September 23, 2011

**Re: SolarStrong and Support for Military Communities**

Dear Mr. Chairmen:

I am writing about a matter of urgent concern.

On September 2, 2011, the Department of Energy (DOE) offered a conditional commitment to provide a \$275 million loan guarantee for SolarStrong, a project to install solar panels on military housing at as many as 124 military bases across 33 states – a project entirely paid for by private capital that will create jobs for veterans, deliver quality of life improvements for military families and provide secure domestic sources of renewable energy for the Department of Defense. This project has the potential to be the largest single residential solar electricity project in the world, and would nearly double the total number of residential solar installations in the U.S.

In the past 48 hours, the DOE has informed us that while they remain strongly supportive of Project SolarStrong, they will be unable to finalize their approval of the loan guarantee for SolarStrong prior to the September 30 deadline for the expiration of the Sec. 1705 loan guarantee program. The reason provided was the increased documentation requirements that are the result of the current congressional investigation into the Solyndra bankruptcy, and reference was made to the committee's recent letter dated September 20, 2011 to Secretary Chu regarding the Section 1705 Loan Guarantee program.

Mr. Chairmen, we strongly support the important oversight role of Congress and your committee with respect to the Department of Energy's Loan Guarantee program, especially in light of recent events involving Solyndra. We appreciate the position expressed in the committee's September 20th letter regarding sensitivity to the concerns of private companies that have applied for loan guarantees and received conditional commitments from DOE with the expectation that those transactions would be approved and closed by the program's current deadline.

We also appreciate your desire not to stand in the way of private-sector investment and job creation. Unfortunately, Project SolarStrong, together with the thousands of job years it would create and the benefits it would bring to our country's military communities, is at risk of becoming an unintended casualty of the controversy over Solyndra.

Project SolarStrong's structuring and its review by the DOE has required the efforts of more than 100 people, thousands of hours of work, and more than \$3 million of investment by our company and our financing partners over the last eleven months. Halting the project will mean sacrificing more than \$1 billion of private investment into economically hard-hit military communities throughout the United States.

It would also mean the loss of jobs we believe the project would create, many of which would have gone to veterans and the family members of our active duty military servicemen and women. We believe that the valuable work done to move the SolarStrong project to completion should not be lost because of the Solyndra bankruptcy.

SolarStrong sharply contrasts with Solyndra in every regard concerning risk and cost to the government:

***SolarStrong has very predictable cash flows based on long term contracts.***

SolarStrong will have twenty-year fixed price power contracts with the privatized military housing companies that own the homes where military service members live. These are all exceptionally strong and credit worthy entities that will provide a very stable and predictable revenue stream to support the loan over the entire life of the project.

***SolarStrong uses proven technology.*** SolarStrong's loan guarantee is being provided through a DOE program (FIPP) that is designed to finance technologies that have already been commercially proven. The technologies used by SolarStrong have been in commercial operation for many years and have proven their performance and cost effectiveness.

***SolarStrong will be financed 100% with private capital.*** As required by the FIPP program, SolarStrong will be financed completely by private capital, with the Department of Energy providing only a loan guarantee for less than 25% of the project cost.

***SolarStrong is a project investing in privatized military housing communities.*** The loan may only be used to finance systems once they have been installed, performance tested, and are operational. Until that time, SolarCity - which installs a new solar project every 20 minutes of the workweek – and its financial partners bear all of the risk.

The SolarStrong loan guarantee will enable a lower cost of capital than would otherwise be achievable for the project, enabling SolarCity to invest in regions that have traditionally had very little access to solar investment and job creation, including states such as Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Missouri, Mississippi, New Mexico, Oklahoma, Rhode Island, South Carolina, Tennessee, Virginia and West Virginia, among others.

Additionally, given that Project SolarStrong will be a twenty year partnership with our nation's military communities, we are committed to hiring and training veterans and family members of active duty servicemen and women as part of SolarStrong's mission. If, contrary to your intent, this project were to become an unintended casualty of the Solyndra fallout, those jobs would be denied to veterans, who currently suffer from one of the highest unemployment rates in the country.

We have faith that the cancellation at the 11<sup>th</sup> hour of important and worthy projects such as SolarStrong is not the intent of either your committee or the Congress as a whole as the Solyndra investigation proceeds.

Therefore we are seeking your support and that of your congressional colleagues to extend the statutory deadline for final clearance of the remaining Section 1705 conditional commitments, as suggested in the committee's September 20 letter to Secretary Chu. In this way, DOE can complete any necessary additional documentation and review without jeopardizing the jobs and investment in domestic energy production that projects such as SolarStrong would provide. Just to be clear, *all* SolarStrong due diligence requirements have been completed and certified.

I appreciate your willingness to take the time to consider this urgent request. SolarCity is prepared to meet with you and committee staff at the earliest possible convenience to answer any questions or concerns that you may have.

We're confident that a positive outcome can be reached through extending the current program deadline, as suggested in your letter. We are eager to quickly work with you to save the jobs and benefits to veterans and the military associated with this important project, and we deeply appreciate any assistance you may be able to provide.

Sincerely,



Lyndon Rive, CEO

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member  
Subcommittee on Investigations and Oversight

The Honorable Bobby L. Rush, Ranking Member  
Subcommittee on Energy and Power

The Honorable Steven Chu, Secretary  
Department of Energy