

May 20, 2022

The Honorable Gina M. Raimondo
Secretary
Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

RE: Recommended Changes to the Ex-Im Lending Terms for Climate Change Sector Understanding (CCSU)

ETTAC Recommendation 2021-13

Dear Secretary Raimondo:

The Environmental Technologies Trade Advisory Committee (ETTAC) is a federally-established committee whose purpose is to advise on the policies and procedures of the U.S. government that affect exports of environmental technology, goods and services in the air, water, waste and recycling sectors. This includes small to large businesses and, trade associations. In this capacity, the ETTAC appreciates the opportunity to provide these comments and recommendations to help achieve policy goals of a more resilient, diverse and secure supply chain essential to U.S. environmental technology, goods and services providers.

The CCSU lending terms, originally established for Ex-Im Bank Lending Criteria in early 2000's is currently under review by the U.S. delegation to the upcoming OECD meetings for potential renegotiation to allow for more flexible lending terms to increase export credit finance towards investments in climate and environment related projects.

Clean technologies, including renewables, energy transition, and other technologies, only comprise around 5 percent of all OECD ECA financing portfolios of over \$60 billion in annual exports, with Ex-Im lending representing even less. Ex-Im financing can not only increase competitiveness of US exports, counterbalancing other nations' international governmental funding programs, but also support US environmental exports to developing economies that lack commercial financing viability, as well as provide more impetus for global adoption of emerging environmental technologies essential to global energy transition and de-carbonization.

The ETTAC recommends:

1) Revision of CCSU Lending Terms

Currently, the main incentive that the CCSU offers to qualifying transactions is an extension of Ex-Im maximum repayment term from 8-10 years, to up to 15 and 18 years, with Commercial Interest Rates ranging from 2.65-3.43%, and a 2% principal repayment within 18 months.

- We recommend the CCSU terms current extended repayment length remain intact, and that the premium rate be lowered below the current range, as well as consider reducing the down payment requirements, reflecting the fact that CCSU is incentivizing exports that would be burdened by too much risk (e.g. geopolitical, financial, emerging technology) for traditional commercial lenders.

- To facilitate projects exports to developing countries and emerging markets, the CCSU should have a separate set of lending terms. These terms should be even more flexible, offering reductions and extensions beyond the recommended CCSU terms outlined above in order to further incentivize transactions in these markets.

2) Expansion of Adaptation & Mitigation Project Terms

Since the CCSU amendment and inclusion in 2012, there have been no adaptation or mitigation projects funded under the current terms.

- The current list of project classes and mitigation technologies is too narrow. We recommend it be updated and expanded to include broader project types, including but not limited to those listed in appendix. This list should evolve consistent with technological advancements and market developments, and should have an annual process for reviewing and updating.
- Climate mitigation and adaptation technologies are often part of larger infrastructure project scopes and not stand-alone projects, such as how a new infrastructure project could be designed and built to withstand climate impact or facilitate human evacuation needed in a climate induced disaster. We recommend that the qualifications for adaptation project lending be expanded to allow for an allocated or attributable prorated percentage of project funding, based on a submission of measurement and calculations, to grant CCSU funding.

The ETTAC recommends these revisions to the CCSU eligibility criteria and lending terms to facilitate the exportation of innovative U.S. environmental technology for renewable energy and other climate change mitigation and adaptation projects, and increase Ex-Im financing gaps for U.S. investments in climate and environment related projects and exports.

We appreciate the Administration's consideration of these comments and suggestions.

Sincerely,



William Decker
ETTAC Chair

CC: Department of the Treasury
Export-Import Bank of the United States

APPENDIX

ADDITIONAL MITIGATION TECHNOLOGIES

For Consideration to Include in the Approved List for CCSU Funding

Project Class A: Carbon Capture, Utilization and Storage (CCUS)

TYPE 1: Fossil Fuel Power Plants with Operational Carbon Capture and Storage (CCS)

TYPE 2: CCS Projects as such

TYPE 3: CCS for Nat Gas Fired Stationary RICE and Turbines for Compression or EGU

TYPE 4 : Transport of captured carbon from source to storage

TYPE 5: Functional Utilization of Carbon Dioxide (not limited to storage)

TYPE 6: Utilization at chemical and other industrial (e.g. steel and concrete) non power generation facilities

TYPE 7: Direct Air Capture

TYPE 8: Bioenergy + CCS (BECCS)

TYPE 9: Criteria Pollutants, HAPS and GHG (carbon dioxide, methane, NOx, fluorinated gases) Measurement and Control

Project Class B: Fossil Fuel Substitution

TYPE 1: Waste to Energy

- Definition should be revised to “Unit dedicated to generating energy by treatment (including gasification) of solid waste and methane generated from waste.”

TYPE 2: Hybrid Power Plants

TYPE 3: Hydrogen Production

TYPE 4: Syngas

Project Class C: Energy Efficiency

TYPE 1: Combined Heat & Power Projects

TYPE 2: District heating and/or cooling

TYPE 3: Smart Grids

TYPE 4: Efficiency projects that reduce overall energy demand should be included

Project D: Decarbonizing Sectors

TYPE 1: High Temperature Industrial Processes (e.g. hydrogen production, cement production)

TYPE 2: Power Generation

TYPE 3: Transportation

TYPE 4: Marine and Ports

TYPE 5: Manufacturing (e.g. chemical, cement, steel, pulp & paper)

TYPE 6: Energy Storage (e.g. battery alternatives, pumped hydro storage)