Webinar

Biomass Energy Exports: Market Opportunities and Government Programs

April 18, 2011
Quick Notes

- The recording of the webinar and the slides will be available after the event. Registrants will be notified by email.

- After each presentation we will allow time for quick clarifications, but please hold more substantive questions and comments until the Q&A period (after all presentations).

- To ask a question, either type it in the message box (pull down from Q&A tab at top of screen), or press *1 and the operator will enter you in a queue to ask your question orally.
Presentation Outline

I. Welcome and Introduction
   Emanuel Wagner

II. Biomass in the U.S. and BTEC
    – Emanuel Wagner

III. Resources for Biomass Exporters
     – Cora Dickson

IV. The German Market
    – Andrea Stahl

V. Resources from the Small Business Administration
   – Richard Ginsburg

VI. Resources from the Export-Import Bank of the United States
    – Hannelene Beillard

VII. Q & A

Full presentations will be available online after the webinar at
   www.biomassthermal.org/resource/webinars.asp
Emanuel Wagner currently works for Technology Transitions Corporation (TTC), the association management company of the Biomass Thermal Energy Council (BTEC). For BTEC, Emanuel’s focus is the coordination and facilitation of education and outreach activities. He is also responsible for membership communication and development.

Within TTC, Emanuel is engaged in business development, and projects related to electric energy storage for the Electric Power Research Institute. He also supports TTC’s international activities in hydrogen and fuel cells.
About BTEC – Mission & Composition

- The Biomass Thermal Energy Council (BTEC) is a nonprofit association dedicated to advancing the use of biomass for heat and other thermal energy applications.

- BTEC engages in research, education, and public advocacy for the fast growing biomass thermal energy industry.

- Formed in January 2009 by eight companies, BTEC currently has 78 members from 30+ U.S. states, Canada, and Austria.

- Includes landowners, handling equipment manufacturers, fuel refiners, appliance manufacturers, project developers, investment companies, nonprofits, universities, associations, and many others.
BTEC’s membership*  

* As of April 15, 2011

| Abundant Power | Forest Energy Corporation | Proe Power Systems |
| ACT Bioenergy | Froiling Energy | Public Policy Virginia |
| Alliance for Green Heat | Fröling GmbH | Rainforest Alliance |
| American Agriculture Movement | FutureMetrics | Resource Professionals Group |
| American Wood Fibers | Gavilon Group | Sandri Companies |
| APEX | Green Clean Heat | Santa Energy Corporation |
| Bear Mountain Forest Products | Indeck Ladysmith | Sewall Company |
| Beaver Wood Energy | Innovative Natural Resource Solutions | Skanden Energy |
| Biomass Combustion Systems | International Renewable Energy Technology Institute | Montana Department of Natural Resources and Conservation |
| Biomass Commodities Corporation | International WoodFuels | State University of New York |
| Biomass Energy Resource Center | Jesse E. Lyman Pellets | Tarm Biomass |
| Biomass Energy Works | Krieg DeVault | Twin Ports Testing |
| Bionera Resources Inc. | Lignetics of Virginia | Vapor Locomotive Company |
| Biowood Energy | Maine Energy Systems | Vecoplan |
| Chip Energy | Maine Pellet Fuels Association | Vermont Wood Pellet |
| Clean Power Development | Marth | Viessmann |
| Comact Equipment | Montana Community Development Corporation | West Oregon Wood Products |
| Confluence Energy | National Network of Forest Practitioners | Western Ag Enterprises |
| Continental Biomass Industries | New England Wood Pellet | Westervelt Renewable Energy |
| Control Labs | Northeast Mill Services | Wilson Engineering Services |
| Cousineau Forest Products | Oregon Forest Industries Council | Wisconsin Energy Conservation Corporation |
| Dejno's | PA Pellets | WoodFuels Virginia LLC |
| Ecostrat | Pellet Technology USA | Woodmaster |
| Enviva LP | Plum Creek | WoodPellets.com |
| Ernst Biomass | Pratt & Whitney Power Systems - Turboden | Zilkha Biomass Energy |
Thermal Energy and Policy

- Despite accounting for roughly one third of energy consumed in the U.S., thermal energy has been overlooked in energy policy.

- Crafting an effective national energy policy that addresses thermal energy in addition to the electric and transportation sectors is essential.

US Primary Energy Consumption
II. Biomass in the U.S. and BTEC - Wagner

U.S. Market Structure – Market Development

Source: FutureMetrics, Maine Energy Systems
Outlook - The Development of the U.S. Market

- Residential – central heating appliances and increase in costs of heating
- Commercial – decentralized combined heating/cooling AND power-generation appliances (CHP)
- Industrial – co-firing in coal plants
- Clean energy bill still possible

→ Huge opportunities
Why are we talking about the domestic market?

- Supports job creation in rural areas
- Reduces the reliance on fossil fuels and supports energy independence
- Technologies are proven and ready
- Economics make sense, fast payback period
- Benefits forest stewardship and the environment

But:
- Policy disadvantageous to the development
- Infrastructure needs investment
- Lack of knowledge on the potential
Export Opportunities

→ Some U.S. companies cannot rely solely on the domestic market

Federal agencies and programs provide significant support

- Biomass companies that are interested in exporting their products are doing so, including BTEC members
- While U.S. markets are still developing, companies should learn about the opportunities presented by the federal government
Contact Info

Emanuel Wagner
Program Coordinator – Outreach, Education, External Affairs

Email: emanuel.wagner@biomassthermal.org
Phone: 202-596-3974 x360
Web: www.biomassthermal.org
Cora Dickson has been a trade specialist at the U.S. Department of Commerce’s International Trade Administration (ITA) for ten years. In her previous work within ITA, focusing on the telecom sector, she addressed market barriers for U.S. exports by participating in discussions with foreign government officials from Japan, Vietnam, Korea (particularly through the FTA negotiations), China, and the APEC economies. Currently Ms. Dickson works in ITA’s Office of Energy and Environmental Industries, analyzing and supporting exports for the renewable energy sector. Her portfolio includes biomass/biofuels, waste-to-energy, and fuel cells.
Why export?

Several countries are expanding their use of biomass for power, either by building biomass-specific power plants or by co-firing biomass in existing coal-based power plants.

- Europe
- Canada
- Emerging markets such as Brazil, Costa Rica, India, and Mexico
U.S. biomass exports, 2005-2010

Source: U.S. Department of Commerce Census Bureau
Total Biomass Exports, 2005-2010

Source: U.S. Department of Commerce Census Bureau
## Trade Flow: Top 10 Importers/Exporters Wood Pellets

<table>
<thead>
<tr>
<th>Country</th>
<th>2009 Exports To the World</th>
<th>Country</th>
<th>2009 Imports To the World</th>
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<tbody>
<tr>
<td>Canada</td>
<td>$97 million</td>
<td>Belgium</td>
<td>$120 million</td>
</tr>
<tr>
<td>Germany</td>
<td>$61m</td>
<td>Netherlands</td>
<td>$81m</td>
</tr>
<tr>
<td>United States</td>
<td>$53m</td>
<td>Italy</td>
<td>$75m</td>
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<tr>
<td>United Kingdom</td>
<td>$48m</td>
<td>Denmark</td>
<td>$70m</td>
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<tr>
<td>Austria</td>
<td>$31m</td>
<td>United States</td>
<td>$49m</td>
</tr>
<tr>
<td>Netherlands</td>
<td>$27m</td>
<td>Germany</td>
<td>$41m</td>
</tr>
<tr>
<td>Russia</td>
<td>$26m</td>
<td>Austria</td>
<td>$39m</td>
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<tr>
<td>Estonia</td>
<td>$19m</td>
<td>France</td>
<td>$13.9m</td>
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<tr>
<td>Poland</td>
<td>$18m</td>
<td>Canada</td>
<td>$13.8m</td>
</tr>
<tr>
<td>France</td>
<td>$17m</td>
<td>Finland</td>
<td>$11m</td>
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Source: Estimated by ITA from UN Trade Data

International Trade Administration | U.S. Department of Commerce
Export Challenges

Biomass is one of the most widely adopted renewable energy sources in the United States. * Why aren’t we exporting more?

Some possible reasons...

- Still meeting domestic demand
- Lack of detailed trade data
- Nontariff barriers
- Logistics (for pellets/chips)
- Inexperience in and/or lack of resources for determining the best export markets for fuels, technologies, services and how to connect with international buyers

* See: U.S. Energy Administration Annual Energy Outlook 2010
Biomass Trade Facilitation: The roles of key USG agencies

<table>
<thead>
<tr>
<th>International Trade Administration</th>
<th>Foreign Agricultural Service, USDA</th>
<th>U.S. Trade Representative</th>
<th>Department of State</th>
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</thead>
<tbody>
<tr>
<td>• Trade promotion programs for renewable energy sector (incl. related technology)</td>
<td>• Trade promotion programs, primarily feedstock • Market research • Ensuring market access</td>
<td>• Ensuring market access • Addressing trade barriers • Multilateral negotiations</td>
<td>• Engaging in multilateral policy discussions • Policy support and technical assistance</td>
</tr>
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Consultations with experts at DOE, EPA, etc.
The International Trade Administration

The Department of Commerce’s International Trade Administration (ITA) is the lead trade promotion agency of the United States Government

<table>
<thead>
<tr>
<th>Competitiveness</th>
<th>• Manufacturing and Services</th>
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<tr>
<td>Trade Promotion</td>
<td>• U.S. and Foreign Commercial Service</td>
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<tr>
<td>Compliance</td>
<td>• Market Access and Compliance</td>
</tr>
<tr>
<td>Anti-Dumping</td>
<td>• Import Administration</td>
</tr>
</tbody>
</table>
Renewable Energy and Energy Efficiency Export Initiative (RE4I)

- Department of Commerce-led effort involving 12 U.S. Government agencies designed to help significantly increase U.S. RE&EE exports
- Country’s first-ever federally coordinated effort to increase renewable energy and energy efficiency exports
- Responds to both the National Export Initiative and the President’s goal of becoming the leading exporter of clean energy technologies
- 23 commitments from 8 Federal Agencies for new programs or initiatives
- Done within existing budgets at no additional cost to taxpayers

Secretary Locke announced the Renewable Energy and Energy Efficiency Export Initiative December 9, 2010
RE4I Commitments

- Tailored Financing for RE&EE Companies
- Enhanced Market Access to U.S. RE&EE Companies
- Increased Information and Efforts to Link Buyers and Sellers
- Strengthened U.S. Government Services to U.S. RE&EE Companies
Examples of RE4I Commitments

- Streamlined agency processing of RE&EE transactions at both Ex-Im and OPIC
- Creation of a Trade Policy Staff Committee subcommittee (chaired by USTR) focused on RE&EE trade barriers
- Department of Commerce prioritization study (for RE in general and for RE subsectors) that will help us better target potential trade missions
- New USDA market access cooperator program for biomass – see http://www.ambtc.org
- RE&EE exporter web portal and online guide to U.S. government resources
Utilizing the New RE&EE Export Portal

export.gov/reee

- Provides a one-stop shop to all U.S. Government programs, actions, and public events for RE&EE exporters
- Online Guide
- Regular updates:
  - News
  - Events (domestic/international)
  - Market research
Thank you

Feel free to contact me with any questions.

Cora.Dickson@trade.gov
(202) 482-6083

Export.gov/reee
Andrea Stahl covers the following industries: renewable energy, pollution control, environmental industries and water resource equipment, advertising services, and – temporarily - financial services. She is a member of the Environmental Team, as well as the Energy Team.

She is based in the U.S. Consulate General in Frankfurt. Ms. Stahl provides counseling and outreach activities designed to increase the number of small and medium-sized U.S. businesses exporting to Germany and assists U.S. firms in general by providing a broad range of services. She is a German national and holds a M.A. in Slavonic Studies and Sinology. After working for a management consulting company, she joined the Commercial Service in 1994.
Energy from solid Biomass in Germany

Sources: DBFZ / BMU / FNR
Shares of renewable energy sources among total final energy consumption in Germany 2009

Total: 8,714 PJ

- Hydropower: 0.8%
- Wind energy: 1.6%
- Biomass: 7.2%
- Other renewables: 0.7%

Other fossil energy resources (e.g. hard coal, lignite, mineral oil, natural gas) and nuclear energy: 89.7%

RES share 2009: 10.3%

(incl. photovoltaics, solar & geothermal)

Source: BMU
Share of renewable energy sources in total final energy consumption in Germany

Source: BMU

* Solid and liquid biomass, biogas, sewage and landfill gas, biogenic share of waste; deviations in the totals are due to rounding;
Source: BMU-KI III 1 according to Working Group on Renewable Energies-Statistics (AGEE-Stat); Image: BMU / Dieter Böhme; as at: December 2010; all figures provisional
Structure of electricity supply from biomass

Total: 30.3 TWh

- Biogenic solid fuels: 37.5%
- Biogenic liquid fuels: 6.6%
- Biogenic share of waste: 14.2%
- Landfill gas: 2.7%
- Sewage gas: 3.5%
- Biogas: 35.5%

Source: BMU

Energy from Solid Biomass, April 18, 2011
Development of biomass use for heat supply in Germany 1997 - 2009

Source: BMU
Development of pellet-based heatings in Germany

Source: BMU
Development of production of pellets in Germany

Source: BMU

Source: Deutsches Palletinstitut (DEPI) based on the values auf Deutscher Energieholz- und Pellet-Verband e.V. (DEPV); Image: BMU / Bernd Müller; as at: June 2010; all figures provisional.
Investments in the construction of renewable energy installations in Germany 2009

Total: approx. 20.2 Billion EUR

- Hydropower: 70 Million EUR
- Geothermal energy: 1,000 Million EUR
- Solar thermal energy: 1,250 Million EUR
- Biomass heat: 1,350 Million EUR
- Biomass electricity: 1,900 Million EUR
- Wind energy: 2,650 Million EUR
- Photovoltaics: 12,000 Million EUR

Source: BMU

* Large plants and heat pumps; deviations in the totals are due to rounding;
Source: BMU-KI III 1 according to the Centre for Solar Energy and Hydrogen Research Baden-Wuerttemberg (ZSW); as at: December 2010; all figures provisional.
Turnover from the operation of plants for the use of renewable energy sources in Germany 2009

Total: approx. 16.9 Bill. EUR

- Hydropower: 1,350 Mill. EUR
- Biomass heat: 1,700 Mill. EUR
- Biofuels: 2,950 Mill. EUR
- Photovoltaics: 3,150 Mill. EUR
- Wind energy: 3,400 Mill. EUR
- Biomass electricity: 4,300 Mill. EUR

Source: BMU

*只用于供应热能; 地热能未在图中显示,因为操作中的小转数 (EUR 4.0 million); 总数中的偏差是由于舍入造成的。
Source: BMU-KI III 1 according to the Centre for Solar Energy and Hydrogen Research Baden-Wuerttemberg (ZSW); as at: December 2010; all figures provisional.
Regional Distribution of Biomass
CHP & Power Plants  (1/2010)

- ca. 270 plants totaling a capacity of 1250 MW$_{el}$
  of which
  - 40 plants < 0.5 MW$_{el}$,
  - 120 plants < 5 MW$_{el}$,
  - 110 plants > 5 MW$_{el}$

- 23% of all plants are located in Bavaria
- 17% of installed capacity in Bavaria
- Total generated electrical power: 7.8 TWh$_{el}$/a
- Total generated heat: 13.3 TWh/a
- Total feedstock input: 7.5 million tons DM
Who operates Biomass CHP/Power Plants in Germany?

Percentages according to installed power (not the number of plants)

- Utility Provider: 49%
- Investment entity: 28%
- Other: 15%
- Sawmill: 14%
- Engineered Wood Industry: 12%
- Processed Wood (Furniture, Timber Construction): 7%
- Pellet Producer: 2%

Source: DBFZ
Future trends / outlook

The market for residential wood pellet products is expected to grow steadily. **Challenge:** quality (EN15210) and environmental standards (particulate matters, ash residues, etc.).

Germany’s production capacity is not yet fully exhausted. However, production growth rates are not infinite. **Opportunity:** Feedstock other than wood will be necessary on a mid-term basis.

Germany favors decentralized CHP solutions and offers strong market incentives. **Challenge:** Co-firing of industrial wood products in conventional plants is therefore very unlikely to happen in Germany.

**Opportunities:** Innovative measuring, testing, monitoring solutions, filter technologies, CHP, residential and industrial boilers with dual/triple/… feedstock features. **Challenge:** strong competition
Commercial Service – Our Export Promotion Services

- Individual Counseling
- Market Research & Customized (proprietary!) Market Research
- Partner Search (*Service: International Partner Search - IPS*)
- Background Checks (*Service: International Company Profile*)
- Individual Matchmaking with Appointments (*Service: Gold Key Service – GKS*)
- Virtual Matchmaking (*Service: Video GKS*)
- International Trade Missions
- Foreign Buyers Delegations to U.S. Trade Fairs
- USA Pavilions & Support on foreign Trade Fairs
- “Quick Take” – fast feedback from up to 30 European colleagues on the market potential for your product
- … and many more
Thank you!

Andrea Stahl
Commercial Specialist Renewable Energies
U.S. Commercial Service
American Consulate General Frankfurt
〒 andrea.stahl@trade.gov  ☏ +49-(0)-69-7535-3157
Richard Ginsburg

In July 1990, Richard Ginsburg joined the SBA as a business development specialist in the Office of Entrepreneurial Development. He is a former small business manager (women’s retail clothing) and bank-marketing officer. In his current position, Mr. Ginsburg serves as the Senior International Trade Specialist and Public Affairs Officer, Office of International Trade. He has been a keynote speaker on economic development at several domestic and international conferences on small business and has also led 4 successful small business trade missions abroad.

Mr. Ginsburg has also provided Agency briefings at the U.S. Foreign Service Institute, where new assignees in the Foreign Commercial Service (U.S. Dept. of Commerce) and the Foreign Service (US Dept. of State) receive their training before transferring to U.S. embassies around the world. He has also participated in Agency briefings to other Federal agencies in Washington, D.C, served as a member of the U.S. Trade Representative’s Trade Capacity Building group during Free Trade Agreement negotiations, and is SBA’s staff representative to the President’s Export Council and the Asia Pacific Economic Cooperation (APEC) Small Business Working Group.
FINANCING EXPORTS
BIOMASS EXPORTS SEMINAR

Helping small businesses to start, grow and succeed
Separating Myths from Facts

• **Myth**
  – Small Businesses Don’t Export.

• **Fact**
  – 97% of **ALL** U.S. exporters are small businesses, and those with fewer than 20 employees account for close to 70 percent of all exporting firms.
  
  – SMEs (small and medium-sized enterprises) account for nearly 30 percent of the value of U.S. merchandise exports.
SBA Loan Programs for Exporters

• Export Working Capital Program

• International Trade Loan

• Export Express
Export Working Capital Program

- $5 million maximum loan amount (Jobs Act 2010)
- 90% Guarantee
- $4.5 million maximum SBA guarantee (Jobs Act 2010)
- Transaction financing
- Single Project or Revolver
- Quick turnaround time
Export Working Capital Program Eligibility

- Company meets SBA size standards, based on NAICS
- Product is titled and shipped from U.S.
  - No U.S. content requirement, Military Sales OK
- In business 12 months or proven expertise
- Other SBA eligibility provisions
  - Criminal History, Previous loss to govt. etc.
EWCP - *Indirect Exports*

- Applicants who produce products or services that enter into the export channel but do not directly export their products are eligible for EWCP financing
  - Manufacturers using an Export Trading Company
  - Suppliers to other domestic manufacturers

- Requires certification from domestic customer that goods are in fact being exported.
EWCP Use of Proceeds

- Loan proceeds to acquire/produce goods or services for export, the accounts receivable of such foreign sales or standby letters of credit.
- Pre-shipment Guarantee
  - Labor and Material costs
- Post-shipment Guarantee
  - Foreign Accounts Receivable financing
EWCP Use of Proceeds

 Portions of the EWCP Line of Credit may be used to fund standby Letters of Credit when required as:

• Bid Bond
• Performance Bond
EWCP – “It’s the Transaction”

Transaction evidenced by Purchase Order, L/C or signed contract

Acceptable payment by foreign buyer

- Cash in Advance
- Letter of Credit
- Open Account (insured)
- Open Account (no insurance)
Open Account No Insurance

No Insurance is required if:

• Receivables are from financially sound corporations, multinationals or highly-rated governmental entities in countries with minimal political risk (or)
• Exporter can provide favorable Ledger Experience with specific accounts over a significant period of time.
Discounted Credit Insurance

- The Export-Import Bank of the United States (Ex-Im Bank) and the SBA have joined together to provide SBA export loan recipients with a 25% discount on export credit insurance premiums.

- Ex-Im Bank’s export credit insurance protects the small business exporter against nonpayment and enables them to sell on competitive “open account” terms. Small businesses can enter new markets and increase sales in existing markets and have the ability to match the credit terms offered by their foreign competitors.

- Ex-Im Bank provides up to 95% coverage for both commercial risks (i.e. buyer insolvency and default) and political risks (i.e. war, revolution and the cancellation of an export or import license).
EWCP - Collateral

- Self-liquidating loan
- First lien on all assets being financed
- Personal guarantees of all owners of 20% or more who are active in the business
- Other collateral on a case-by-case basis
EWCP Fees

• One time guaranty fee of \( \frac{1}{4} \) of 1% of the guaranteed portion for loans with less than a 12 month maturity. Loans with a 12 - 36 month maturity have a fee between 2% and 3.5%.

• 55.5 basis point on-going fee paid by lender

• Small business and lender negotiate interest rate and fees; lender is required to disclose this information to SBA
International Trade Loan (IT)

• Maximum loan amount=$5 million (Jobs Act 2010)
• The SBA guarantee portion can go as high as $4.5 million for IT loan customers.
• Eligibility requirements:
  • The loan proceeds will significantly expand an existing export market or develop new export markets; or
  • The applicant business has been adversely affected by import competition
    AND
  • Upgrading facilities or equipment will improve the applicant’s competitive position
International Trade Loans

• Use of Proceeds is limited to:
  • Facilities
  • Equipment
  • Debt refinancing is allowed (if the original debt qualified for ITL financing)
  • Working Capital
• Business plan/application must document eligibility requirements (i.e. export projections or evidence of adverse impact).
Export Express

- Loans and Lines of Credit up to $500,000 (Jobs Act 2010).
- Banks that are currently authorized under the SBAExpress program are automatically approved for Export Express.
- Approved banks make their own credit decision, use their own forms and receive up to a 90% (NEW!) guarantee from the SBA (90% up to $350,000; 75% on loans greater than $350,000.)
Export Express

• Processed using the existing SBAExpress processing procedures

• Eligibility:
  – applicant in business for at least 12 months
  – proceeds are to be used to develop or expand their export markets
Export Express

• Proceeds may be used for any of the following purposes:
  – transaction-specific financing of export deals, including standby letters of credit
  – general lines of credit for export purposes
  – export development activities such as brochure translation or participation in a trade mission
  – term loans for permanent working capital, machinery and equipment, or real estate
Richard Ginsburg
Senior International Trade Specialist
Office of International Trade
Richard.ginsburg@sba.gov

www.sba.gov/international
Hannelene Beillard currently serves as a business development officer in the Office of Renewable Energy and Environmental Exports at the Export-Import Bank ("Ex-Im Bank"). The Office of Renewable Energy and Environmental Exports was established in 2008, and helped Ex-Im Bank triple its renewable energy authorizations to more than $343 million in fiscal year 2010.

Ms. Beillard began her career at the Bank as a portfolio manager where she monitored a $1.2 billion portfolio of project and structured finance transactions in various industries and regions, including Africa, Latin America, the Middle East and Asia. During this time, she ran several multi-million dollar restructurings, and managed relationships with industry, governments, commercial banks, and other stakeholders in power, mining, petrochemicals, and oil and gas. With over seven years in the industry, Hannelene knows how to make a deal happen and manage the complex issues that emerge with ongoing project finance. Prior to joining the bank, she worked as an analyst and consultant for over fifteen years.
What is the Export-Import Bank?

*Official Export Credit Agency (ECA) of U.S. Government*

- Established in 1934
- Headquarters in Washington DC
- Mission – To promote and finance the export of U.S. goods and services! Support for U.S. jobs through exports.
- Ex-Im Bank has a mandate to support renewable energy - tripled its support in 2009 and 2010.
Environmental Exports Program

Provides Export Credit Insurance, Working Capital Guarantees, Loan Guarantees, and Direct Loans.

Terms of up to **18-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 Biomass

- OECD maximum repayment term (18 years) for certain renewable energy exports, including bioenergy.

- Bioenergy: all sustainable biomass,* landfill gas, sewage treatment plant gas and biogas energy installations

- Bioenergy would include sustainable biomass-to-energy projects with "energy" defined as electricity and/or district heat (but not fuels).

*Biomass’ means the biodegradable fraction of products, waste and residues from agriculture (including vegetal and animal substances), forestry and related industries, as well as the biodegradable fraction of industrial and municipal waste.
Three elements to an Ex-Im Bank transaction … The three “C’s”

√ **Cover Policy**: We must be open in the buyer’s country.

√ **Content**: The U.S. Export must have significant U.S. content.

√ **Creditworthiness**: The transaction must have a reasonable assurance of repayment.
Export Credit Insurance

- Enables U.S. exporters to offer short- and medium-term credit directly to their customers

- Credit insurance is an attractive substitute to cash-in-advance, letters of credit, and local bank financing

- Using Ex-Im Bank to insure a letter of credit instead of paying bank confirmation charges is usually more cost effective

- **Short-term:** 180-360 days  **Medium-term:** up to 7 years

- Premium rates vary by country, type of buyer, and length of the credit term extended; discounts for small businesses
Ex-Im Bank provides **90% repayment Guarantee** for working capital loans, revolving or transaction based, made by commercial lenders to U.S. companies to finance foreign purchase orders.

Enables exporters to finance materials, labor, and overhead to produce goods/services for export: **100% collateral**.

May be used to cover **standby letters of credit for bid and performance bonds**: **10% collateral**.

- In FY 2009, Ex-Im authorized **$138 million in working capital**, which supported **$425 million in exports**.

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. and eligible foreign content of the transaction.

- Negotiated interest rates, usually a floating rate based on spread over 6-month U.S. dollar LIBOR rate

- Guarantee available in major foreign currencies
Direct Loan

- **Direct Loans** made by Ex-Im Bank to a foreign buyer (disbursements under a LC or reimbursement method)

- Fixed interest rate, changes monthly (see http://www.exim.gov/tools/cirr_rates.cfm)

- Once the contract has been awarded, the international borrower submits the 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.

- Must comply with MARAD (ship on U.S. Flag vessels)
Here to Help!

• We are enthusiastic about renewable energy!
• We are here to help and guide you!
• Please contact us:
  – Craig O’Connor, Director (202) 565-3556
craig.occonnor@exim.gov
  – Hannelene Beillard (202) 565-3652
Hannelene.beillard@exim.gov
  – Rob Guthrie (562) 243-8625
rob.guthrie@exim.gov
Q&A

Please use message box or press *1

All questions and comments will be recorded as part of the webinar replay.