



**CO<sub>2</sub>  
TRANSPORTATION  
INFRASTRUCTURE  
FINANCING AND  
INNOVATION (CIFIA)**

# CIFIA Loan Program

**2024 FECM / NETL Carbon Management Research Project Annual Review Meeting  
Carbon Transport and Storage Breakout Panel #2  
Transport Project Financing**

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# CIFIA – Program Basics



**Enacted under the Bipartisan Infrastructure Law (BIL), the CIFIA program offers access to capital for large-capacity, common-carrier, carbon dioxide (CO<sub>2</sub>) transport projects for anthropogenic and ambient CO<sub>2</sub>.**

- Pipelines, rail, shipping, and other transport methods
- Up to \$2.1 billion in funding to support loans, loan guarantees, grants, and administrative expenses
- Grant administered by the Office of Fossil Energy and Carbon Management (FECM); loans administered by the Loan Programs Office (LPO)
- Projects may receive loans, grants or both



# CIFIA – Loan Terms



## Interest rate

- ✓ U.S. Treasuries of tenor equivalent to loan, plus 37.5 bps (current terms subject to change)

## Tenor

- ✓ Earlier of 35 years or the useful life of project.

## Debt to equity ratio

- ✓ Maximum allowed debt is 80% of eligible project costs
- ✓ Practical limit informed by strength of forecasted cash flows; financial strength of obligor, investors, and strategic partners; and metrics/analyses used by private lenders and credit rating agencies.

## Fees

- ✓ No fees due until and unless loan closes

## Senior Debt Requirement

- ✓ U.S. government must be senior secured lender

## Timing

- ✓ Project must start construction activities no more than 90 days after closing on DOE financing.
- ✓ Scheduled loan repayments begin not later than five years after substantial completion.

See “CIFIA Program Guide” for the full list of terms



# CIFIA – Other Considerations



## Miscellaneous Requirements

- ✓ Minimum \$100 million project size
- ✓ Will publish a publicly available tariff with just and reasonable rates, terms, and conditions for nondiscriminatory CO<sub>2</sub> transportation service.
- ✓ Community Benefits Plan
- ✓ Davis-Bacon wages
- ✓ American made steel
- ✓ National Environmental Policy Act (NEPA) review required

## Preferences

- ✓ Proximity to a major carbon dioxide-emitting region of the United States.
- ✓ Proximity to existing infrastructure corridors.
- ✓ Proximity to industrial carbon capture hubs.

See “CIFIA Program Guide” for the full list of terms



# CIFIA – Loan Process



## 1 Pre-Application Consultations

Meet with LPO for no-fee, pre-application consultations, including discussions on the application process and the proposed project.

## 2 Formal Application Submission

Submit a Letter of Interest (LOI) to determine eligibility. There is no review of business plan or financial structure in the LOI review.

If invited, projects submit a more thorough Application to determine project viability and ability to move into due diligence.

## 3 Due Diligence & Term Sheet Negotiation

Enter confirmatory due diligence and negotiate the term sheet.

Any third-party advisor costs are paid for by the lender.

## 4 Credit Approval Process

Formal approval process of the term sheet, including interagency consultations.

## Conditional Commitment

An offer by DOE of a term sheet to the borrower for a loan or loan guarantee subject to the satisfaction of certain conditions.

## 5 Loan Closing & Project Monitoring

Negotiate and execute loan documents using the approved term sheet. Loan closing and funding are subject to conditions precedent in the executed loan documents.



# CIFIA – Loan Program Status

## Loan program launched in August 2022

### Broad industry engagement

- ✓ Pipeline / CCUS / Gas conferences
- ✓ Podcasts, presentations, general conference panel discussions
- ✓ No-fee, no obligation pre-application consultations

### Application status

- ✓ 1 CIFIA loan Letter of Interest (LOI) submitted
- ✓ 1 project submitted under alternate LPO program



# CIFIA - Engagement Feedback

## Reasons for slow program uptake

### Transportation projects require coordinating pipeline construction, Class VI well development, and cost-effective carbon capture

- ✓ CO<sub>2</sub> pipeline projects have faced difficulties and delays in acquiring all needed state permits.
- ✓ PHMSA have not yet completed rulemaking on revised CO<sub>2</sub> pipeline safety standards.
- ✓ US EPA has issued only four permits to construct Class VI wells, states with primacy have issued a few more.
- ✓ BOEM has not yet issued offshore sequestration rules for U.S. waters.
- ✓ 45Q tax incentive levels support high concentration CO<sub>2</sub> capture (ethanol, natural gas processing, ammonia) but may not support low concentration (power generation, industrial process heat). Clean product premiums are not well established.

### DOE Processes

- ✓ The need to complete an 18 – 24-month NEPA Environmental Impact Statement (EIS), as may be needed for long-distance pipeline projects, raises developer concerns and can complicate construction timelines.