

### §611.3

### 10 CFR Ch. II (1–1–10 Edition)

*Light truck* is used as that term is defined in 49 CFR part 523.

*Loan Documents* mean the Agreement and all other instruments, and all documentation among DOE, the borrower, and the Federal Financing Bank evidencing the making, disbursing, securing, collecting, or otherwise administering the loan [references to loan documents also include comparable agreements, instruments, and documentation for other financial obligations for which a loan is requested or issued].

*Model year* is defined as that term is defined in 49 U.S.C. 32901.

*Passenger automobile* is used as that term is defined in 49 CFR part 523.

*Qualifying components* means components that the DOE determines are

- (1) Designed for advanced technology vehicles; and
- (2) Installed for the purpose of meeting the performance requirements of advanced technology vehicles.

*Secretary* means the United States Secretary of Energy.

*Security* means all property, real or personal, tangible or intangible, required by the provisions of the Loan Documents to secure repayment of any indebtedness of the Borrower under the Loan Documents.

#### §611.3 Advanced technology vehicle.

In order to demonstrate that a vehicle is an “advanced technology vehicle”, an automobile manufacturer must provide the following:

(a) Emissions certification. An automobile manufacturer must written certify that the vehicle meets, or will meet, the emissions requirements specified in the definition of “advanced technology vehicle”; and

(b) Demonstration of fuel economy performance. An automobile manufacturer must demonstrate that the vehicle has a combined average fuel economy of at least 125 percent of the average combined fuel economy for vehicles with substantially similar attributes for model year 2005.

(1) A combined average fuel economy calculation required under this paragraph for a vehicle that is a dual fueled automobile for the purpose of CAFE is calculated as if the vehicle were not a dual fueled automobile.

(2) The average combined fuel economy for vehicles with substantially similar attributes is a harmonic production weighted average of the combined average fuel economy of all vehicles with substantially similar attributes in model year 2005, as published by DOE.

(3) In the case of an electric drive vehicle with the ability to recharge from an off-board source, an automobile manufacturer must provide DOE with a test procedure and sufficient data to demonstrate that the vehicle meets or exceeds the applicable average combined fuel economy of vehicles with substantially similar attributes.

#### Subpart B—Direct Loan Program

##### §611.100 Eligible applicant.

(a) In order to be eligible to receive a loan under this part, an applicant

(1) Must be either—

(i) An automobile manufacturer that can demonstrate an improved fuel economy as specified in paragraph (b) of this section, or

(ii) A manufacturer of a qualifying component; and

(2) Must be financially viable without receipt of additional Federal funding associated with the proposed eligible project.

(b) Improved fuel economy. (1) If the applicant is an automobile manufacturer that manufactured in model year 2005, vehicles subject to the CAFE requirements, the applicant must demonstrate that its adjusted average fuel economy for its light-duty vehicle fleet produced in the most recent year for which final CAFE compliance data is available, at the time of application, is greater than or equal to the adjusted average fuel economy of the applicant’s fleet for MY 2005, based on the MY 2005 final CAFE compliance data.

(2) If the applicant is an automobile manufacturer that did not manufacture in model year 2005, vehicles subject to the CAFE requirements, the applicant must demonstrate that the projected combined fuel economy for the relevant the advanced technology vehicle that is the subject of the application is greater than or equal to the industry adjusted average fuel economy

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for model year 2005 of equivalent vehicles, based on final CAFE compliance data.

(3) The CAFE values under this paragraph are to be calculated using the CAFE procedures applicable to the model year being evaluated.

(4) An applicant must provide fuel economy data, at the model level, relied upon to make the demonstration required by this section.

(5) An applicant that is a manufacturer of a qualifying component under paragraph (a)(1)(ii) of this section does not need to make a showing of improved fuel economy under this paragraph.

(c) In determining under paragraph (a)(2) of this section whether an applicant is financially viable, the Department will consider a number of factors, including, but not limited to:

(1) The applicant's debt-to-equity ratio as of the date of the loan application;

(2) The applicant's earnings before interest, taxes, depreciation, and amortization (EBITDA) for the applicant's most recent fiscal year prior to the date of the loan application;

(3) The applicant's debt to EBITDA ratio as of the date of the loan application;

(4) The applicant's interest coverage ratio (calculated as EBITDA divided by interest expenses) for the applicant's most recent fiscal year prior to the date of the loan application;

(5) The applicant's fixed charge coverage ratio (calculated as EBITDA plus fixed charges divided by fixed charges plus interest expenses) for the applicant's most recent fiscal year prior to the date of the loan application;

(6) The applicant's liquidity as of the date of the loan application;

(7) Statements from applicant's lenders that the applicant is current with all payments due under loans made by those lenders at the time of the loan application; and

(8) Financial projections demonstrating the applicant's solvency through the period of time that the loan is outstanding.

(d). For purposes of making a determination under paragraph (a)(2) of this section, additional Federal funding includes any loan, grant, guarantee, in-

surance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance from the Federal government, or any agency or instrumentality thereof, other than the proceeds of a loan approved under this Part, that is, or is expected to be made available with respect to, the project for which the loan is sought under this Part.

### §611.101 Application.

An application must include, at a minimum, the following information and materials:

(a) A certification by the applicant that it meets each of the requirements of the program as set forth in statute, the regulations in this part, and any supplemental requirements issued by DOE;

(b) A description of the nature and scope of the proposed project for which a loan or award is sought under this part, including key milestones and location of the project;

(c) A detailed explanation of how the proposed project qualifies under applicable law to receive a loan or award under this part, including vehicle simulations using industry standard model (need to add name and location of this open source model) to show projected fuel economy;

(d) A detailed estimate of the total project costs together with a description of the methodology and assumptions used to produce that estimate;

(e) A detailed description of the overall financial plan for the proposed project, including all sources and uses of funding, equity, and debt, and the liability of parties associated with the project;

(f) Applicant's business plan on which the project is based and applicant's financial model presenting project *pro forma* statements for the proposed term of the obligations including income statements, balance sheets, and cash flows. All such information and data must include assumptions made in their preparation and the range of revenue, operating cost, and credit assumptions considered;

(g) An analysis of projected market use for any product (vehicle or component) to be produced by or through the