GAO Highlights

Highlights of GAO-25-106631, a report to congressional committees

Why GAO Did This Study

The Infrastructure Investment and Jobs Act (2021) and the Inflation Reduction Act (2022) added two new loan programs to the three in DOE's portfolio. The additions increased the office's available loan authority many times over, bringing it to over $400 billion. Much of this authority expires in 2026 and 2028.

Congress provided in statute for GAO to review DOE's Loan Guarantee Program. GAO's scope for its report is the five loan programs administered by the office. The report examines (1) how the office has addressed the expansion of its loan programs and loan authority; and (2) the extent to which the office's application review guidance and procedures ensure consistent and accurate application reviews.

GAO analyzed DOE actions to address an increase in applications. GAO also identified the extent to which DOE was planning to use the amount of its loan authority. It also reviewed application review guidance, documentation, and training, and interviewed DOE officials.

What GAO Recommends

GAO recommends that Congress consider changing authority for the five programs by, for example, reducing authority for the Energy Infrastructure Reinvestment Program. GAO is also making four recommendations to the Secretary of Energy; DOE concurred with three of them. DOE did not concur with GAO's recommendation to review innovativeness at the time of conditional commitment. As discussed in the report, GAO maintains that such action is needed to help ensure that DOE is compliant with applicable law.

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DOE LOAN PROGRAMS

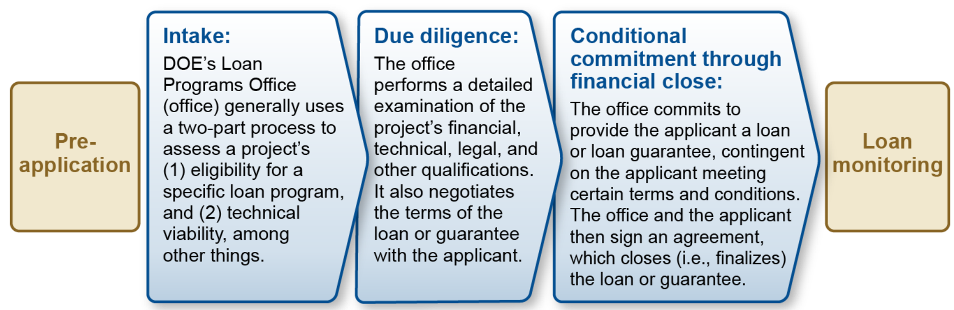
Actions Needed to Address Authority and Improve Application Reviews

What GAO Found

The Department of Energy (DOE) is to provide loans and loan guarantees for innovative and other high-impact energy-related ventures through its Loan Programs Office (office). In recent years, Congress added two new loan programs and hundreds of billions of dollars in new loan authority for the office to manage. At the same time, the number of applications for loans and guarantees increased substantially. In response, the office increased its staff from 104 in 2020 to 412 in 2024, and made organizational changes, among other actions.

The office is not on track to issue loans in the amounts Congress authorized. A key example of this is the Energy Infrastructure Reinvestment Program. Enacted in August 2022, it received $250 billion in loan authority due to expire September 30, 2026. However, as of September 30, 2024, the office had made one loan for about $1.4 billion. While it has a total of $108.3 billion in outstanding submitted applications for loans and guarantees, the program almost certainly will fall short of the $250 billion in loan authority. Further, DOE needs to thoroughly review the current applications to ensure the government's interests are protected.

Department of Energy (DOE) Loan Programs Office Loan and Loan Guarantee Application Process



Source: GAO analysis of DOE information. | GAO-25-106631

However, the office cannot ensure consistent and accurate application reviews. For example, their guidance is at times incorrect and outdated. In several instances, the guidance refers to documents that officials said are no longer used, and it is at times contradictory or unclear. As a result, staff would likely find it difficult to follow the correct practice. Further, GAO found that the office's guidance does not always follow the law. For projects that are required to be innovative, the office determines innovativeness early in the application review process and risks issuing a guarantee for a project that is no longer innovative. Without confirming innovativeness when it offers conditional commitment, the office may make loans or guarantees for projects that are not eligible.

Finally, the office does not comprehensively evaluate its application review process, including whether guidance is up to date, because officials have not considered the application review process to be high risk. Conducting a comprehensive annual review of this process could help the office identify and correct errors to better ensure it is consistently and accurately reviewing applications. Without correcting its guidance, the office cannot be assured that application reviews lead to selecting projects that further program goals.