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Senators slam fed auto loan effort

\$25B green project's oversight, approval delays criticized

BY DAVID SHEPARDSON DETROIT NEWS WASHINGTON BUREAU 2 COMMENTS

Washington — Senators Tuesday harshly criticized the Energy Department's handling of the \$25 billion [auto](#) loan program, calling the initiative "virtually dormant."

At an Energy and Natural Resources Committee hearing, several senators said the government's loan programs to help utilities, automakers and other companies with green energy efforts should be restructured.

Since the Advanced Technology Vehicle Manufacturing initiative was created in 2007, the Energy Department has allocated less than half of the funds. Four loans totaling \$8.4 billion have been awarded to Ford Motor Co., [Nissan](#) Motor Co. and startups Fisker Automotive, Tesla Motors and Vehicle Production Group.

The Energy Department has offered no new auto retooling program in a year, and no new major loans in two years. It has taken a much harder line in loan talks, and sharply reduced the amount it has been willing to lend firms. Those decisions have prodded many companies to walk away after years of talks.

Sen. Lisa Murkowski, R-Alaska, said many companies have expressed deep frustration about not being able to get a loan answer. She called the program "virtually dormant," and said the Energy Department would not get a "passing grade."

Energy Secretary Steven Chu defended the handling of the program, saying the government needs to protect taxpayers.

"We would like to see private equity invested in these companies," Chu said, adding the government wants to see evidence of private support. "We are very focused on driving the cost (of electric [vehicles](#)) down."

But some senators say the program doesn't make sense. "We need to get out of this business," said Sen. Rand Paul, R-Ky.

Sen. Ron Wyden, D-Ore., said Congress should take a new look at all of the Energy Department's loan programs.

Republicans have seized on solar-panel startup Solyndra LLC's bankruptcy filing, putting 1,100 people out of work. The move that could cost taxpayers the \$528 million the government loaned the California firm.

Since then, the Obama administration has been extremely reluctant to offer new loans.

Sen. Debbie Stabenow, D-Lansing, said the "fallout from Solyndra has certainly dampened (the Energy Department's) willingness to make new loans." She said she was "deeply frustrated" that so many companies have been denied loans.

She told Chu the program has become "bogged down" and is "defeating (its) purpose."

Chu told reporters that the department was working with "many qualified applicants" to complete new auto and other green energy loans. Asked if the agency would approve any before the election, Cu said, "There's no reason not to. The conditions of the program haven't changed."

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