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# House Panel to Cite New Flaw in Energy Loans

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WASHINGTON — A Congressional committee that has been investigating the Energy Department's loan programs is adding to its line of attack on the eve of an appearance by the energy secretary before the panel.

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Rachel Denny Clow/Corpus Christi Callertimes, via Associated Press  
Representatives Darrell Issa, left, and Blake Farenthold at a hearing held by Mr. Issa's investigative committee last month.

The House Oversight and Government Reform Committee has been seeking with limited success to portray the financial support for a solar company, **Solyndra**, which eventually went bankrupt, as a politically inspired boon to an Obama campaign fund-raiser who was an investor in the business. But at a hearing scheduled for Tuesday, the committee is to release a staff report that argues that in other instances the Energy Department overrode the objections of some of its professional staff members to pick aid recipients that were supposed to have innovative projects when, in fact, the technology was nothing new.

"The Department of Energy manipulated analysis, ignored objections from career professionals and strategically modified loan evaluations in order to force project funding out the door," the committee's chairman, Representative Darrell Issa, Republican of California, said in a statement.

But supporters of the Energy Department said that there was no Congressional requirement that the loans in question be for novel technology, and that the department stuck to a standard adopted during the George W. Bush administration requiring only that the projects use technology not yet commercialized in the United States.

Committee investigators argue that subsidizing already common technologies stifles innovation.

The debate illustrates a central paradox of the government's loan program: picking untried technologies raised the likelihood of backing a company that might fail and be unable to repay the loan, as Solyndra did.

Among the companies that drew investigators' attention was First Solar, which acquired a competitor, NextLight, that was applying for loans for two solar farms that would each use a new kind of solar cell. But when First Solar completed the acquisition in 2010, it

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6. When Office Technology Overwhelms, Get Organized

substituted its own solar panel technology, using an established chemistry involving cadmium telluride.

First Solar told the government that with two projects it was already planning plus NextLight's two projects, all four solar farms using cadmium telluride, it could open a factory in Arizona to build the panels, adding jobs, which was a central goal of President Obama's energy program.

To keep the projects originated by NextLight in the "innovative" category, First Solar sought to add a new feature to its [Agua Caliente project](#) in Yuma County, Ariz.: a piece of equipment called an inverter, which would allow the solar panels to keep operating even if voltage on the electric grid was disrupted. That technology has been in increasing demand since the 2003 Eastern blackout. It is especially important in solar farms as their numbers grow, because if they tend to shut down because of small disturbances in the grid, they will add to instability.

But a document given to the committee by the Energy Department said the inverters were already being made in Germany and in Colorado. "As of September 2010, over 200 units had been deployed and in operation in Germany, Italy and Spain," the document said. "These units are commercially shipping today in the United States as well." The project, which at 290 megawatts would be the largest solar farm in the world, [got a \\$967 million loan](#) and is in partial operation.

To classify the second NextLight solar farm, the [Antelope Valley Solar Ranch](#) in California, as innovative, First Solar proposed that some of the cells be mounted on mechanisms that would pivot them to keep them pointed toward the sun. But an e-mail to co-workers from Dong K. Kim, the director of the technical and project management division of the loan program, complained that "someone keeps changing the A.V.S.R. slides to include single axis trackers as an innovation. Be clear that this is not an innovation." The project got \$646 million in loans and loan guarantees, but has been delayed by permitting problems.

Ted Meyer, a spokesman for First Solar, said the Agua Caliente and Antelope Valley projects met the Energy Department's guidelines for being innovative because they used technology that was not in commercial use in the United States.

But the factory is on hold. It is nearly complete, but because of a worldwide surplus of solar cells, the company has no immediate plans to operate it, he said.

At the Energy Department, Damien LaVera, a spokesman, accused Congressional critics of the loan program of "cherry-picking individual e-mails from the hundreds of thousands of pages of documents the department has provided to Congress, with the sole purpose of inventing false and misleading controversy." The loans met a standard for innovation set under the first President Bush and confirmed by a senior career official at the department, he said.

*This article has been revised to reflect the following correction:*

**Correction: March 19, 2012**

*An earlier version of this article misstated the administration during which a standard was adopted requiring that loans be distributed to projects that use technology not yet commercialized in the United States. The standard was adopted during the administration of George W. Bush, not George H.W. Bush.*

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