Who We Are & What We Do

Why Project Financing Assistance (PFA) was Established

Every project being developed – ***every one that is needed to mitigate the climate crisis*** – only can advance with infusions, sometimes large infusions, of development capital.

The delays that project developers encounter in securing these funds ***add years*** to the development and deployment of innovations and technologies that create jobs, boost the growth of local economies, generate local, state, and federal tax revenues, and are needed – *now* – to mitigate the climate crisis.

Because of these delays, ***many promising innovations and projects never survive***. Some never reach the point where they can address the climate crisis – or provide jobs, economic growth, or their other benefits to society, ***which we will never know about or be able to enjoy*** – because they ended up being unrealized dreams due to the lack of the money that was necessary for them to continue.

This dilemma, and its impact, was described in an article by PFA's managing director, CJ Evans, that was published in Biofuels Digest on September 12, 2023, *Development Capital, the Lifeblood of Every New Initiative, is Much Too Hard to Obtain* along with an accompanying sidebar, *What Can You Do to Expand Access to Development Capital?*

Who We Are

PFA was established in 2022 around a Structured Project Financing (SPF) program which was unique in many respects – ***the most significant of which is that, as part of an interest-only, four year term loan, it provided up to one year of financing to complete final development and pre-construction engineering and design, permitting, and execution of feedstock (if applicable) and offtake agreements; i.e., it provided development capital.***

This was an integral part of the financing package that included funding for construction, startup, commissioning, and the first 12 months and 1 day of commercial operation so that a project can prove its bankability.

Unfortunately, the SPF was so unique that no top-tier or mid-level bank, investment firm, or borrower wanted to be the first no try it out, just as no lender is willing to finance a first-of-its-kind, game-changing project, innovation, or new technology (saying, *this sounds great,* which one hears time and time again, *I'd love to help … come back when you have one or two up and running with a proven stream of revenues*).

This is why the U.S. Departments of Energy and Agriculture loan guarantee programs were established – ***to provide a bridge over the valley of death for first-of-their kind projects*** – by assuming the risks that are inherent in these projects and financing their first deployments, so they are able to go into commercial operation, prove their bankability, and secure private sector financing for follow-on projects.

PFA's managing director has been intimately involved in these federal programs both as a service provider and registered Capitol Hill lobbyist for 40+ years who drafted legislation to:

- avoid cuts to and the elimination of the federal funding programs that support the bioeconomy,
- expand and increase the funding for these programs,
- help establish the U.S. Department of Agriculture's Section 9003 loan guarantee program to advance biorefinery, renewable chemical, and biobased product projects using first-of-their-kind technologies, and
- revive the U.S. Department of Energy's Title 17 Innovative Technologies loan guarantee program after it came to a virtual standstill, advancing only one project in the seven years between 2014 and 2021.

He also established several companies – starting the first nearly 20 years ago in 2005 as a sole proprietor then incorporating the company in 2009. These companies have assisted more than 200 companies with application preparation, independent third-party studies, and due diligence to secure federal grants and loan guarantees (securing $7.5 billion in federal funding in 2022 alone).

As good and important as these programs are …

- ***they take too long***, sometimes as much as two years to go through the application process and reach financial close;
- ***they cost too much*** (up to $2M or $3M for application preparation, environmental assessments, independent engineering analyses and reports, integrated demonstration unit trials, legal assistance, and due diligence), thus eliminating all except well-established companies with cash reserves from applying; and
- ***they do not provide development capital*** that is necessary for every innovation to advance.

What We Intend to Do

PFA's managing director is convinced that every new technology, every innovation, every disruptive project that is needed to mitigate the climate crisis already is under development.

More innovations will come. And those innovations, along with those that are now advancing, need to be expedited, to be deployed not in 8 to 10 or more years, but in 4 or 5, or less, and to be rapidly deployed again and again.

This is why PFA was established: to cooperate with and bring together multiple sources of funding that offer varied financial tools and products, to:

1. **Create a pool of funds for project financing** that is available to expedite the deployment and re-deployment of projects that have reached TRL-9 or are at or near shovel-ready and meet PFA's due diligence requirements[1].

   PFA's intention is to have project financing funds readily available, with PFA serving as a re-lender, to provide the capital, not over periods of years, but within 6-9 months, for the best of the best projects to move forward through construction, commissioning, and startup to full-scale operation.

2. **Form collaborative partnerships** with sources of development capital, equity, and project financing that offer an array of financial tools, insurance and financial products, and legal and consulting services.

   PFA will serve in this capacity as a partner, through collaborative NDAs and agreements, to identify and catalog as many resources as possible to help project developers advance with PFA serving as a conduit for clients to these resources.

3. **Establish a development capital fund**, again, by bringing together multiple sources and forms of capital – and spreading risk by selecting and vetting multiple projects, with stringent criteria for the approval and inclusion of projects – so that development capital, the lifeblood of innovations, can be made readily available without years of delay, with multiple projects benefitting, advancing, and being rapidly deployed to mitigate the climate crisis.

[1] PFA uses its specialists from the Due Diligence & Analysis company that its managing director established, which has carried out due diligence for investors, lenders, and a large equity fund. The information required for a project to be considered for project financing and development capital by PFA is the same as required by the U.S. Departments of Agriculture and Energy loan guarantee programs. See: Initial Application Requirements, Use of Funds, Borrower's Documented Equity, Full Application Requirements, Attachments 6-9, and Attachments 10-11.