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New Government Grants to Spur Green Technology Development

Signs for upcoming changes in the power and utility sector have never been stronger, with energy central to the new stimulus package. On February 17, 2009, President Barack Obama signed the American Recovery and Reinvestment Act of 2009, Public Law 111-5 ("ARRA"). As part of its \$787 billion reinvestment in the United States (U.S.), ARRA intends to help the U.S. double its use of renewable energy sources, such as wind, photovoltaic, and solar energy, over the next few years. ARRA sets aside about \$550 billion for energy programs focused primarily on efficiency and renewable energy. Although the bulk of these funds will take the form of tax initiatives and state and local government programs to foster and promote clean-energy sector development, ARRA appropriates \$2 billion in grants for manufacturing advance battery systems for storage and cars; \$3.4 billion for fossil energy research and development; and \$4.5 billion in direct spending toward the development of smart-grid electronic infrastructure, transmission networks, and related technologies. There is also \$400 million for the Advanced Research Project Agency—Energy, which is aimed at higher risk, higher pay-off research of energy sources and energy efficiency in collaboration with the private industry sector.

In taking these measures, the U.S. government has stepped into the energy research field in an unprecedented way and at a time when other financing options have dried up due to the downturn in the economy. Overnight, the U.S. government will become the largest investor in clean – or “green” – technology and play a crucial role in encouraging continuing development, particularly during the phases leading up to commercial deployment and exploitation. Of course, a number of issues remain to be resolved. Chief among them is the issue of how the money will be allocated and distributed. Some also question whether money will be diverted to smaller, entrepreneurial outfits or to larger, established companies.

Energy Secretary Steven Chu has announced that it is imperative that the Department of Energy (DOE), the agency responsible for administering many of the grants, use the ARRA stimulus money to fund science research and innovative technologies in a speedy and transparent manner. Secretary Chu also indicated that the Energy Department will work to streamline the process by which it will disburse and distribute funding with a goal of dispersing 70% of its funds from ARRA by the end of 2010. New changes include the roll-out of new application forms and processes, as well as a more efficient process for corresponding appraisals. But, given the amount of money to be distributed in a short period of time, and on a scale not seen since the Great Depression, this new funding may be a learning process for all involved. Moreover, there will be a greater need to learn how to market grant applications to the DOE, and many observers expect a great deal of improvisation from early grant applicants.

What to Do Now

Per guidance issued by the Office of Management and Budget ("OMB"), there are a number of steps that companies can take now to position themselves for ARRA funds. Several of these steps will likely be a part of the requirements for, or a necessary part of, any grant application:

- Start compiling application information now so that grant forms can be completed and submitted quickly.
- Obtain and/or update Dun & Bradstreet Universal Numbering System (DUNS) profile.
- Keep the goals of the grant program in mind when preparing a grant application.
- Register for a Central Contractor Registration (CCR) number.
- Start discussions with necessary suppliers and business partners so that a project budget can be readily submitted with the grant application.
- Consider joining, working, or partnering with other companies with complementary expertise in order to strengthen the grant application.
- Consider working now to garner state and/or local government support for a proposed project.
- Consider complimentary or matching funding/financing for those grants for which full funding for the project will not be available.

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