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### All about Solyndra: A short primer

By Andrew Restuccia - 11/26/11 10:15 AM ET

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Solyndra, the California solar panel maker that filed for bankruptcy in September two years after receiving a \$535 million loan guarantee from the Obama administration, has been a constant presence in the headlines.

Republicans have blasted the administration over the loan and alleged that the Energy Department missed a series of red flags that pointed to Solyndra's pending demise.

After more than two months of news coverage and thousands of pages of leaked documents, keeping up with the Solyndra story has become difficult even for people following it closely. With that in mind, The Hill developed a short primer on the subject that outlines the history of the company, its collapse and the resulting investigation.

#### ***The company:*** Solyndra is

a Fremont, Calif., solar panel manufacturer. Founded in 2005, the company used an innovative technology that many hoped would revolutionize the way solar panels are made.

***The loan guarantee:*** The Energy Department's loan guarantee program was established under a 2005 energy law. The law authorized the department to issue federally backed loans for innovative projects that helped limit air pollution.

The 2009 stimulus law established a separate DOE loan guarantee program, known as Section 1705, for renewable, electric transmission and advanced biofuels projects.

Both the Bush administration and the Obama administration identified a proposed Solyndra manufacturing plant as a contender for a loan guarantee. Review of the project began under the Bush administration and continued when President Obama took office, when the stimulus-law loan program was established.

The Energy Department announced in March of 2009 that it would offer a conditional, \$535 million loan guarantee to Solyndra to help finance the construction of a solar panel manufacturing plant. After additional review, the department finalized the loan guarantee in September of 2009 during a

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groundbreaking ceremony in California. Vice President Joe Biden spoke at the event via satellite.

Solyndra was the first company to receive backing under the Energy Department's loan guarantee program.

**Financial problems:** President Obama touted Solyndra as a model of his green energy agenda during a May 2010 visit to one of the company's plants in California.

But Obama administration officials and advisers raised concerns about the company's finances in the days before the president's trip, according to internal emails.

An official at the Office of Management and Budget (OMB) wrote an email to a colleague that said, "Hope doesn't default before then."

The concerns about the Solyndra visit made their way to the White House when Steve Westly, managing partner of the Westly Group, urged caution in a May 24 email to senior adviser Valerie Jarrett.

"Many of us believe the company's cost structure will make it difficult for them to survive long term," Westly wrote.

If the Solyndra visit couldn't be postponed, he warned, the president "should be careful about unrealistic/optimistic forecasts that could haunt him in the next 18 months if Solyndra hits the wall, files for bankruptcy, etc."

But the Energy Department reassured top White House officials in May 2010 that Solyndra was in good shape financially.

"The company should be strong going into the fall with their new facilities on line," an Energy Department official wrote in an email to Ron Klain, Vice President Biden's then-chief of staff, who had been tasked with assessing the company by White House adviser Valerie Jarrett.

Solyndra later canceled a planned initial public offering and closed down an existing factory.

The moves prompted Republicans on the House Energy and Commerce Committee to launch an investigation into the Obama administration's handling of the loan guarantee.

Amid increasing financial problems — brought on in part because of stiff competition from China — Solyndra filed for bankruptcy in early September after laying off 1,100 workers and suspending its manufacturing operations.

**The investigation:** The House Energy and Commerce Committee's investigative panel launched a probe of the Solyndra loan guarantee before the company declared bankruptcy, as evidence of its financial problems mounted.

The panel voted in July along party lines to subpoena the White House Office of Management and Budget for Solyndra documents and ramped up the investigation after Solyndra declared bankruptcy.

Republicans — who have pummeled President Obama over the loan in an effort to score political points going into the 2012 election — have seized on the Solyndra failure to raise questions about the administration's green jobs agenda.

They have also alleged that the administration approved the Solyndra loan guarantee, in part, because of politics, noting that the foundation of George Kaiser, a top Obama fundraiser, was a key investor in the project. The White House strongly denies those allegations.

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To date, the panel has received more than 185,000 pages of documents from the White House and various federal agencies.

So far, Republicans have not found any clear evidence that the loan guarantee was issued for political reasons.

But the investigation has uncovered a number of revelations that have proved to be embarrassing for the White House.

The GOP investigation has found that the White House pressed administration officials to quickly make a decision on the loan guarantee in 2009. They also found that Energy Department officials pressed Solyndra to hold off on a layoff announcement until after the 2010 midterm elections.

Republicans have focused much of their investigation on the Energy Department's decision in February to restructure the Solyndra loan guarantee as the company teetered on the brink of collapse.

Under the restructuring agreement, the department ensured that private investors who injected additional money into the company would be repaid before the taxpayer if Solyndra collapsed.

Republicans on the committee argue that "subordinating" the taxpayer interest to that of private investors violates the 2005 energy law that established the Energy Department's loan guarantee program.

The administration has strongly defended the decision to restructure the loan, arguing it offered the best chance to keep the company afloat. The Energy Department justified the legal basis for the subordination in a detailed February memo.

Committee Republicans have also blasted the White House is recent months for not fully complying with a request for all internal Solyndra communications.

In an effort to obtain more documents, committee Republicans voted to again subpoena the White House earlier this month.

The White House subsequently rejected the full scope of the subpoena, arguing it was overly broad. Instead, White House officials provided 135 pages of documents that administration officials say meet the "legitimate oversight interests" of congressional investigators.

Republicans have said that they will press the White House for more documents in the coming weeks.

The committee's investigation culminated on Nov. 17 when Energy Secretary Steven Chu testified before the House Oversight and Investigations Subcommittee, which spearheaded the Solyndra investigation.

Chu refused to take the fall for the Solyndra controversy during the hearing and rejected calls to apologize for his role in approving the loan guarantee.

"[W]e really have nothing to hide; we have really nothing to be ashamed about," Chu told reporters after the hearing. "The people [in] the loan program conducted themselves in a very professional manner. We are continuing to improve our processes, as any good agency would do."

**What's next?** Republicans have indicated that they will continue pummeling the administration over the Solyndra loan guarantee for the foreseeable future.

Rep. Cliff Stearns (R-Fla.), the head of the committee's investigative panel and the GOP's point-man on Solyndra, says he plans to expand the scope of the

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investigation in the coming weeks to include other projects.

That includes a \$43 million Energy Department loan guarantee to Beacon Energy, a Massachusetts energy storage firm that went bankrupt at the end of October.

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ANDREW, you just couldn't resist mentioning GW could you? The Obama administration authorized these guarantees, despite knowledge of possible financial problems. You suggested that 'A major factor in the failure was that China was also a player in solar design'...Really Andy? Was that something new? Please tell us why the investors were placed ahead of the taxpayers in your next piece of WH delivered doublespeak...I'll wear my hip-boots...

BY **STPETE** on 11/26/2011 at 10:33

"Both the Bush administration and the Obama administration identified a proposed Solyndra manufacturing plant as a contender for a loan guarantee. "

..This is true. BUT the Bush administration had recommended DISAPPROVAL of the loan but the Obama administration re-opened the case and approved it. Seems like the author is being just a bit disingenuous in this article.

No matter how you try to paint it there are some facts that makes the whole thing the gives the appearance of cronyism. 1)The loan was on it's way to being disapproved by the Bush administration when the Obama administration came in and approved it. 2) The chief investor in the company was also a large contributor to Obama's campaign and the Democrat party. He has visited the White House 17 times. 3) The DEA changed the loan structure so in the event of a bankruptcy the chief investor had priority in recovering his money over the tax payer. Something that is seldom if ever done. 4) There were numerous people in the DEA warning that the company had huge financial problems and was going to fail. They were ignored.

...For all of you who are going to jump up and down screaming that it is just political witch hunt, hard as it is try to be honest and think what your response would be if this was done by a Republican administration.

BY **RICKFROMILLINOIS** on 11/26/2011 at 10:54

I've gone through the trouble of condensing thehillcom's biased investigation of the Solyndra scandal. Here it is: Blame Bush.

BY **LIAMD2** on 11/26/2011 at 11:01

This situation just proves the conclusion that the vast majority of Americans are only recently coming to: Regardless of party affiliation, politicians and their administrations have NO CLUE about how to do this right, and so they default to what we all used to do in grade school - blame the other guy and try to get out of any responsibility whatsoever. Here is the sad truth, Washington: recess is over. It is time to start doing the work we sent you to do. Governing is difficult work. Too bad. If you ask me (and i recognize that you did not), think we have to recall every single elected official and start over. You cannot do any worse than 9% approval. Your time is up. Your time of milking the system is over.

BY **COLORADOFISHER** on 11/26/2011 at 11:28

Solar panel employment has doubled recently, and if Reagan hadn't canceled Jimmy Carter's plan for it we would be more than 1/3 solar by now instead of still being totally oil-dependent.

BY **PHIL** on 11/26/2011 at 11:30

The real cost of the OIL!! How do US get our oil from countries like Iraq and Libya? How much does it cost to base our Army, Navy, Air Force and Marines in the Middle East to ensure to have an uninterrupted flow as we mainline 20 million barrels a day of black gold into our veins?If you figure the annual cost of US military into the \$3.50 a gallon (or more) you pay at the pump, the price of gas is close to \$10 dollars a gallon.Your \$500 million in subsidies for solar is chump change compared to the \$800 billion we spent in Iraq and the \$1.2 trillion a year we spend to ensure the safe flow of oil with our "defense" department.

Care to demonstrate how the use of oil and US military spending is sustainable when all of the money eventually goes up in smoke and out the tailpipe? PLUS consider the huge amount of money spent against the "Terrorism" in the name of the oil!...The huge amount of money to clean the sea because of the Oil Ships and the huge disasters like the last one (BP)!!!...If you add all that the cost of the Oil should go over 13.50 US\$ per gallon!!!!...STOP to depends from the oil and from the other countries...we need a green and peaceful world!

BY **GIORGIO** on 11/26/2011 at 11:48

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Joe Biden made an unscheduled visit to Tulsa a day or two before Solyndra declared bankruptcy. He visited a private home for a "private fundraiser" with Brad Carson present, among others.

Brad Carson's involvement with Solyndra should be explored thoroughly. Brad Carson not only bundled contributions for President Obama, he also is the Director of the National Energy Policy Institute at the University of Tulsa. He visited Washington D.C. with George Kaiser. He is a former politician and a former CEO of Cherokee Nation Businesses. CNB has multiple government contracts, has acquired multiple industries, and runs a vast gaming enterprise.

BY **TULSAN** on 11/26/2011 at 11:49

Phil - Nice try on trying to change the subject.

BY **RICKFROMILLINOIS** on 11/26/2011 at 11:51

Obozo corruption, pure and simple.

BY **CRAZY HAT** on 11/26/2011 at 11:52

PHIL - I'll keep this short. You're an idiot living in fantasyland.

BY **LIAMD2** on 11/26/2011 at 11:52

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