

XP Vehicles – Loan Guarantee Program Experience

In early February 2009, XP Vehicles was informed by House Speaker Pelosi's office that the Loan Guarantee program existed and that the company appeared to meet the criteria for a successful application. The company emailed the DOE program office stating their intent to apply for a loan. However, after some additional research, it appeared that the application fees were prohibitive.

XP Vehicles company officials were then invited to attend, via webcam, a Senate Energy Committee hearing chaired by Sen. Jeff Bingaman (D-NM) in which dramatic changes and repairs to the program were discussed, including waiving the fees. Also during the hearing, the loan program office was admonished for problematic management and fees, as well as the fact that the process was structured in an exclusionary manner.

The company was then invited to a conference call with John Podesta, DOE Secretary Steven Chu and Interior Secretary Ken Salazar during which Mr. Chu stated his intention to waive the application fees. XP Vehicles then submitted their application with a cover letter stating that they understood that Mr. Chu was waiving the application fees.

Company officials then received a call on February 26, 2009 from Myrtle Gross from DOE stating that they still needed to pay the fees and that funds needed to be wired by midnight February 26, 2009 in order for the loan application to be submitted. XP Vehicles contacted several investors, but considering the extremely short notice could not complete the transaction with less than 12 hours notice.

Therefore, on February 27, 2009 the company assumed they had missed the deadline, but then they received a call from another DOE official (Mr. Dan Tobin) stating that there were a few days of flexibility to send the application fees so the company re-contacted its investors. Mr. Tobin promised to get back to the company about where to wire the money. Funding was lined up but no information could be obtained about where to send it. More than six phone calls were placed by the Energy Lab, along with scores of others from other company associates, to DOE but these were never returned.

DOE also rejected the energy lab's ATVM loan on February 1, 2009 because they claimed the technology did not apply to electric cars even though DOE had paid the lab to build the product specifically for electric cars. This fact was noted in the Iraq War bill passed by Congress as being specifically for use in electric cars which was clearly stated in the application. Furthermore, the technology had been patented for use in electric cars.