(b)(5), (b)(6)

CHAIRPERSON REPORT

ADVANCED TECHNOLOGY VEHICLES MANUFACTURING INCENTIVE PROGRAM

TO: Credit Review Board
ATVMI Program

FROM: Carol Battershell
Senior Advisor, EERE

Senior Advisor Signature

4/28/09
Date

FROM: Douglas Hooker and David Peterson
Chairpersons, Merit Review Committee

Chairpersons' Signatures

4/24/09
Date

TABLE OF CONTENTS

SECTION	TITLE	PAGE
I.	PURPOSE	1
II.	INITIAL REVIEW	1
III.	MERIT REVIEW PROCESS	2
	A. Merit Review Committee	2
	B. Independent Review of Applications	2
	C. Merit Review Committee Meeting	3
	D. Consensus Scores for Projects	4
IV.	RECOMMENDATIONS TO THE CREDIT REVIEW BOARD	4
Figure 1	Vehicle Project MRC Consensus Scores	5
Figure 2	Component Project MRC Consensus Scores	6

ATTACHMENTS

Attachment 1a *Merit Review Committee Panel Membership*
Attachment 1b *Independent Reviewers and Assignments*
Attachment 2 *Technical Evaluation and Selection Plan (w/o attachments)*
Attachment 3 *Organizational Conflict of Interest Waivers and Mitigation Plan*
Attachment 4 *MRC Meeting Opening Presentations*
Attachment 5 *Record of Consensus Scores and Strengths & Weaknesses for each Project*
Attachment 6 *Consensus Scores and Rankings Summary*
Attachment 7 *Program Policy Factor Information Sheet*

I. PURPOSE

The purpose of this Chairperson Report is to summarize the results of the technical Merit Review Committee (MRC) meeting held for the Advanced Technology Vehicles Manufacturing Initiative Program (ATVMIP, also referred to as the Auto Loan Program). This Program was authorized by Section 136 of the Energy Independence and Security Act of 2007 (EISA), with an appropriation of $7.5 billion provided on September 30, 2008. DOE published an interim final rule in the Federal Register on November 12, 2008, which provided detailed information regarding the ATVMIP and established regulations necessary to implement the loan program. This Chairperson Report will provide the technical basis for the Credit Review Board to use, in conjunction with other factors related to financial and NEPA considerations, in determining applicant eligibility for loans under the ATVMIP.

II. INITIAL REVIEW

Each loan application underwent a "substantially complete" analysis before being forwarded for the technical merit review process described in this Report. The ATVMIP Technical Review Team, led by EERE Senior Advisor Carol Battershell with support from the EERE Vehicle Technologies Program, performed the following activities as part of the "substantially complete" analysis:

- Reviewed completeness of applications and reported necessary requests for more information to ATVMI Program Office;
- Coordinated with the DOE General Counsel on fundamental technical eligibility issues pertaining to applications;
- Performed vehicle fleet eligibility testing of applications;
- Performed component eligibility testing of applications;
- Managed Argonne National Laboratory in the performance of fuel economy eligibility testing through the use of the Powertrain Systems Analysis Toolkit (PSAT).

Of the applications submitted prior to December 31, 2008 (the first tranche), a total of 27 loan applications were considered to be substantially complete and, thus, were reviewed for their technical merit. There may additional future tranches as more loan applications are submitted and determined to be substantially complete. A separate Chairperson Report will be prepared for each additional tranche.

Within a given loan application, there were often multiple projects for which an applicant was requesting a loan. For example, the Ford loan application consisted of 14 individual projects. Each individual project was evaluated separately for its technical merit. Thus, the 27 loan applications from the first tranche included a group of 112 individual projects, each of which was separately reviewed by the MRC.

III. MERIT REVIEW PROCESS

A. Merit Review Committee

Because of the large number of projects forwarded for the technical merit review, the MRC was divided into two Subcommittees, which were run in parallel. One Subcommittee reviewed Vehicle projects and the other reviewed Component projects. This arrangement followed the Final Interim Rule, which requested projects for either qualifying advanced technology vehicles or qualifying components. The Vehicles Subcommittee reviewed a total of 41 projects submitted by 9 different applicants, and the Components Subcommittee reviewed a total of 71 projects submitted by 18 different applicants. Each Subcommittee consisted of five committee members and a non-voting chairperson. The MRC panel membership and support staff are listed in Attachment 1a.

A complete list of independent reviewers (both MRC members and field reviewers) and their assigned projects is provided in Appendix 1b. Each of the MRC members and field reviewers independently evaluated their assigned projects in accordance with the four technical evaluation criteria provided in the Technical Evaluation and Selection Plan (Attachment 2). All of the reviewers were either federal employees (DOE or Army-TACOM) or national laboratory employees. All national laboratory reviewers signed an Evaluator Confidentiality and Conflict of Interest Certification and Acknowledgement form certifying that no known conflicts of interest exist, that confidentiality will be maintained, and that they agreed to abide by the procedures and requirement of the MRC. Signed forms for these reviewers will remain on file at the DOE Golden Field Office (GO). Further, Organizational Conflict of Interest waivers were executed by the cognizant Contracting Officer and the Head of Contracting Activity for Argonne National Laboratory, National Renewable Energy Laboratory, and Oak Ridge National Laboratory. The Contracting Officer for Sandia National Laboratory (SNL) executed a Conflict of Interest Mitigation Plan to allow for the limited participation of SNL reviewers. Copies of these documents are included in Attachment 3.

B. Independent Review of Applications

Every project received three independent reviews prior to the MRC meeting. Before these reviews began, orientation sessions were offered to the MRC members and field reviewers. Three orientation sessions were conducted over a two-day period in which all reviewers were invited to call-in to one of the sessions and receive a description of the background for the ATVMIP and an explanation of the four technical evaluation criteria. An opportunity for reviewers to ask questions was also made available. A copy of the presentation materials provided to all independent reviewers via email, entitled "Merit Reviewer Orientation," is included in Attachment 4.

Assignments were made such that every project was reviewed by one MRC panel member and two field reviewers. Each independent reviewer (both MRC members and field reviewers) received one paper copy of each assigned project. The paper copy

contained all relevant technical information and excluded certain information in an application, such as organizational financial statements, that were not relevant to the technical review. In addition, each reviewer received a written explanation of the merit review process, a copy of the evaluation criteria, an explanation of scoring as outlined in the Evaluation and Selection Plan, the Evaluation and Selection Plan, the Interim Final Rule, and a customized reviewer Excel spreadsheet to enter comments and scores for each assigned project.

Each reviewer independently evaluated each project against the four evaluation criteria in the Evaluation and Selection Plan. A numerical score and a set of strengths and weaknesses were recorded for each criterion. These reviews were performed independently, without discussing the projects or results with other reviewers. Completed reviews were then returned to GO, with the results of these reviews being compiled electronically in preparation for the MRC panel meeting. All independent reviewers were instructed to destroy all material related to these projects upon completion of their reviews, except that the MRC members were requested to bring the paper copies of their applications to the MRC meeting for reference during the meeting (at the conclusion of the MRC meeting, all of these paper copies were shredded).

C. Merit Review Committee Meeting

The MRC convened at 1:30 p.m. on Monday, April 13, 2009 in Washington, DC. The meeting began with the Chairpersons briefing all committee members on the MRC process and schedule. GO legal Counsel, Derek Passarelli, reminded all present of the confidentiality and conflict of interest requirements. A briefing on the four evaluation criteria, led by Carol Battershell, EERE Senior Advisor, was undertaken to ensure that all committee members had a common understanding of the criteria definitions and their application to the projects. Copies of both presentations, entitled "Technical Merit Review Committee Reference Materials" and "Merit Review Meeting," are included in Attachment 4. Following this initial briefing, the meeting broke up into the two Subcommittees to begin the committee review of the projects.

The independent reviewers' pre-meeting average ratings were used to determine the order of discussion of the projects. The projects, beginning with the highest pre-meeting rating, were discussed in turn using a summary rating sheet for each that included the independent ratings and strength and weakness comments made by all reviewers. For each project, the Chairperson used this Excel-based summary rating worksheet, projected for viewing by the Subcommittee, to capture, display, and edit statements of strengths and weaknesses for each criterion. After concurring on consensus statements of strengths and weaknesses, the MRC assigned a consensus numerical rating for each criterion. The MRC evaluated each project according to the published evaluation criteria. The scoring process for the project technical review is described in detail in the Evaluation and Selection Plan.

During the project review and rating discussions, care was taken to ensure that no personal conflict of interest existed for any MRC member. Of the ten Committee

members, only one member of the Components Subcommittee had a conflict. [redacted] As a result, [redacted] did not read or score any [redacted] was excused from the Subcommittee meeting room while the balance of the Components Subcommittee discussed the GM projects and completed the consensus scoring process. Further, the Chairperson ensured that elements of the [redacted] were not discussed in the context of other projects when [redacted] was present in the MRC meeting room.

D. Consensus Scores for Projects

Each MRC Subcommittee evaluated all assigned projects and assigned consensus scores to each criterion during the panel meeting. For each project, the consensus scores for the individual criteria were multiplied by the criterion's weight and summed to give a total weighted consensus score for that project. After all projects were discussed, the MRC Subcommittees reviewed the consensus scores for consistency.

A record of the consensus score for each criterion, the resulting total consensus score for each project, and the consensus strengths and weaknesses for each project are included in Attachment 5. In some cases, general Subcommittee comments for consideration are also included. The projects are listed by Subcommittee (Vehicles and Components) in order based on their weighted consensus scores to show a ranking from highest to lowest. Attachment 6 summarizes the consensus scores for all projects in both table and graph forms.

Figures 1 and 2 provide a summary of the consensus scores for the Vehicle and Component projects from the first tranche of applications.

IV. RECOMMENDATIONS TO THE CREDIT REVIEW BOARD

The consensus scores and strengths/weaknesses are to be used as a starting point in determining which projects are technically qualified to be offered a loan. Further, the MRC provided general comments for some projects to better inform the Credit Review Board of specific considerations related to the projects. The Program Policy Factors contained in the Evaluation and Selection Plan may also be applied by the Credit Review Board in the decision making process. Attachment 7 is a Program Policy Factor Information Sheet to assist in applying these factors.

The group of scores given for each Subcommittee should be considered individually and not directly compared. Since the membership of these two Subcommittees is completely different, it is not proper to select a project from one Subcommittee and compare it to a project on the other Subcommittee to determine if one project has greater technical merit based on a higher consensus score. Score comparisons can only be made within the group of projects evaluated by an individual Subcommittee.

Figure 1. Vehicles

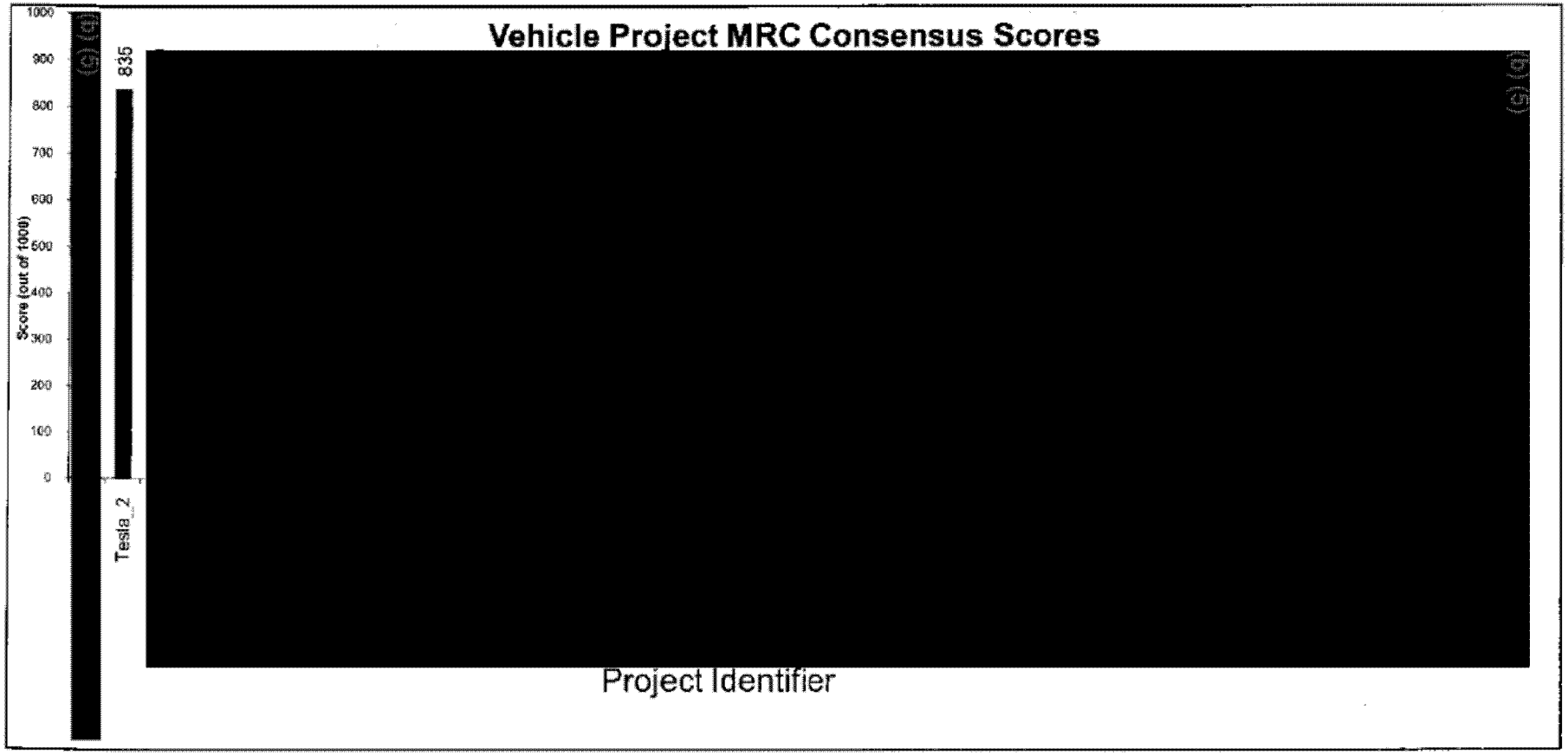
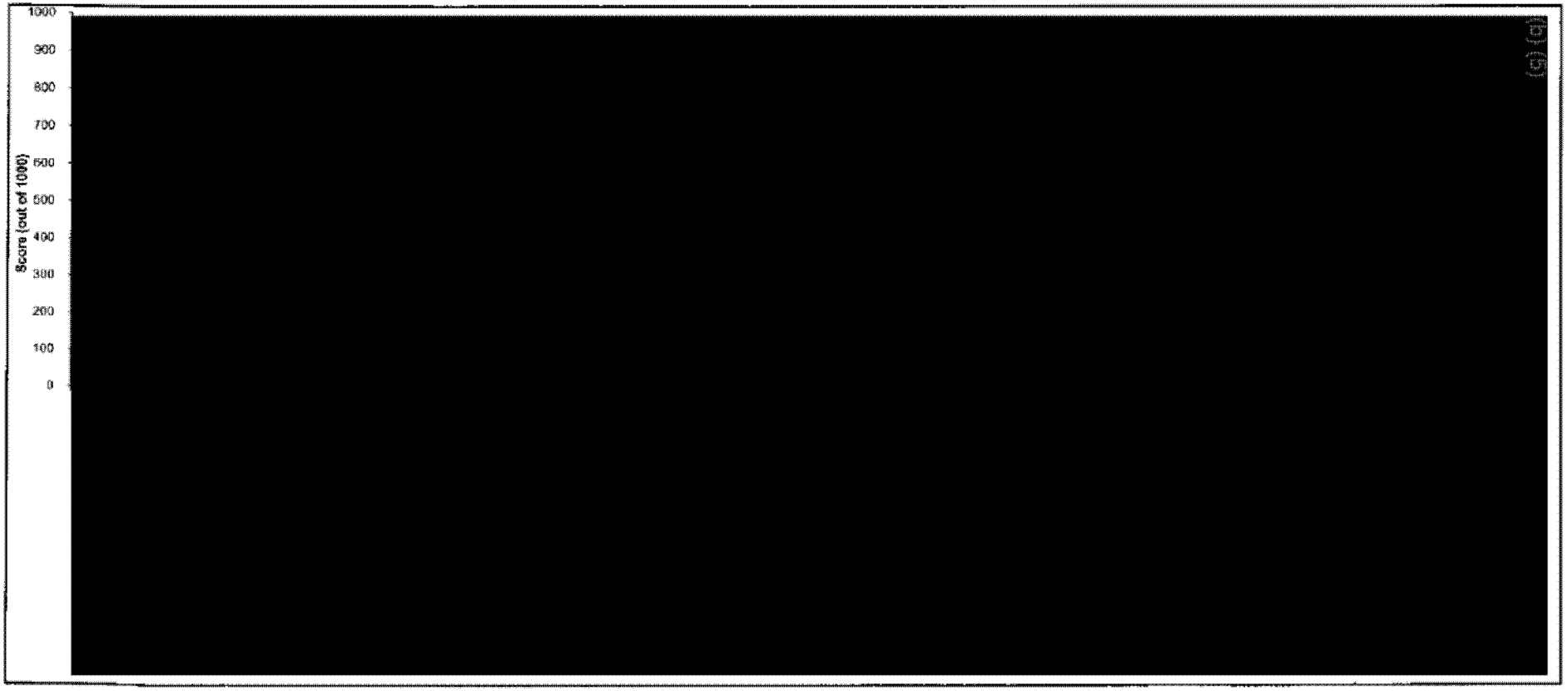


Figure 2. Components



MRC Panel Membership and Support Staff

Name	Duty	E-mail	Phone	Agency/ Company
(b) (6)				

ADVANCED TECHNOLOGY VEHICLES MANUFACTURING INCENTIVE PROGRAM

Auto Loan

Record of Consensus Strengths and Weaknesses

Tesla

Title: **Tesla_1**
IIPS Number: **Tesla_1**
Topic: **1: ATV**
Total Consensus Score: (b) (5)

Criterion 1: Fuel Economy and Technical Merit **Consensus Score:** (b) (5)

Strengths:

- (b) (5)

Weaknesses:

- (b) (5)

ADVANCED TECHNOLOGY VEHICLES MANUFACTURING INCENTIVE PROGRAM

Auto Loan

Record of Consensus Strengths and Weaknesses

Tesla

Title: **Tesla_1**
IIPS Number: **Tesla_1**
Topic: **1: ATV**
Total Consensus Score: (b) (5)

Criterion 2: Fuel Economy of US Light Duty Fleet **Consensus Score:** (b) (5)

Strengths:

- (b) (5)

Weaknesses:

- (b) (5)

Criterion 3: Promotion of the use of advanced fuels **Consensus Score:** (b) (5)

Strengths:

- (b) (5)

Weaknesses:

- (b) (5)

ADVANCED TECHNOLOGY VEHICLES MANUFACTURING INCENTIVE PROGRAM

Auto Loan

Record of Consensus Strengths and Weaknesses

Tesla

Title: **Tesla_1**
IIPS Number: **Tesla_1**
Topic: **1: ATV**
Total Consensus Score: (b) (5)

Criterion 4: Reductions in Petroleum Use **Consensus Score:** (b) (5)

Strengths:

- (b) (5)
-

Weaknesses:

- (b) (5)
-