

Statement of Robert Mancini

CEO, Cogentrix Energy, LLC

**Before the Subcommittee on Regulatory Affairs, Stimulus Oversight and
Government Spending, United States House of Representatives Committee on
Oversight and Government Reform**

June 19, 2012

Mr. Chairman, Ranking Member Kucinich, and members of the Subcommittee:

Good morning. My name is Robert Mancini and I am the Chief Executive Officer of Cogentrix Energy, LLC. Cogentrix is a wholly-owned subsidiary of the Goldman Sachs Group, and I am also a Managing Director in the Commodities Business Unit at that firm. Thank you for the opportunity to appear this morning and speak to you about Cogentrix Energy and our 30MW Alamosa Solar Generating plant in Colorado.

Cogentrix Energy is an independent power producer that has been in the business of developing, constructing, owning and operating power generating facilities since 1983. We currently employ more than 200 full-time employees that work at our headquarters in Charlotte, North Carolina, as well as our power generating facilities located in Colorado, Virginia, Florida, and California.

I am here today to speak with you about our Alamosa solar project. But Cogentrix is not just in the renewable energy business. On the contrary, the majority of Cogentrix's development, construction, and operating history has been focused on conventional power projects throughout the United States that have included primarily natural gas and coal fired facilities. We are an "all-of-the-above" energy company and intend to continue to develop both conventional and renewable energy facilities.

In total, we have developed power generating facilities across the country with a combined generating capacity of over 5000 MW of electric power, which is enough to power approximately two million homes. Currently we are particularly focused on the continued development of natural gas-fired electric generation, as we believe that natural gas will undoubtedly play an increasing role in the U.S. electric generation market. As an example, we are presently working on the development of a 100MW gas-fired power plant in the San Diego, California, area. So, while projects like Alamosa are important, we believe they represent only one part of what we do to address our country's energy needs.

The Alamosa Solar Generating Plant is presently the largest concentrating photovoltaic electric power generating facility in the world. Located in Colorado, it began commercial operation on April 1 of this year, and has been designed to produce approximately 30MW of solar power under a 20-year power purchase agreement with Public Service Company of Colorado. The technology deployed in the Alamosa project includes a tracking system to follow the sun's path and special lenses that concentrate sunlight onto high efficiency solar cells. This technology was developed as part of the U.S. space program, and has been deployed in that context for several years, but the Alamosa project represents one of its first utility-scale applications. Importantly, in the process of our development and construction of Alamosa we sourced more than 80 percent of the components from within the United States.

Cogentrix began development of the Alamosa project in 2009, in response to a request for proposals from Public Service Company of Colorado, and by June 2010 we had signed a 20-year power purchase agreement. Like most power projects, the Alamosa project involved significant expenditures; in this case, these were approximately \$140 million. An independent power developer cannot fund all of those costs through its own equity contributions and remain

competitive and profitable. Typically, developers fund a portion of the total project costs from their own equity and obtain limited-recourse financing from third party lenders for the balance. However, projects such as the one developed in Alamosa present a special challenge. While the technology for the project is proven, as previously mentioned, it has not been deployed on a commercial scale. Lenders generally do not provide cost-effective project financing until they know a technology is commercially viable. Therefore, Cogentrix's willingness to pursue a project based on the CPV technology was predicated on its ability to source alternative forms of debt financing. After unsuccessful attempts at attracting private debt capital, it was only through the 1705 loan guarantee program that Cogentrix was able to obtain the debt that was cost effective enough to allow us to move forward with the project under terms that would be compatible with the economic parameters set out in the power purchase agreement with Public Service Company of Colorado.

Approximately \$115 million in equity and equity guarantees were allocated to the project, and we applied for just under \$90 million in debt financing from the Federal Finance Bank under the DOE loan guarantee program. We began the application process with the DOE in February 2010, and signed the loan guarantee agreement on September 2, 2011.

To date, we have drawn approximately \$71 million against the \$90 million federal loan that was approved. The project reached commercial operations on time, and we expect that it will be completed under budget and that the final loan amount will be about \$86.5 million. At present, the project is generating energy in compliance with the requirements of our power purchase agreement, and we are projecting that the project revenues will be more than enough to repay the DOE loan in a timely manner.

Mr. Chairman, thank you again for the opportunity to speak today about our Alamosa project and our experience with the DOE 1705 program. Cogentrix has a long history of developing and operating power plants employing a variety of traditional and renewable energy technologies. We are proud of the success that we have achieved thus far with the Alamosa project, and we look forward to continuing to advance both the renewable and conventional energy portions of our business. I welcome any questions the Committee may have.

ROBERT S. MANCINI
Chief Executive Officer / Member of the Board of Directors
Cogentrix Energy, LLC

Robert S. Mancini is Chief Executive Officer and a member of the Board of Directors of Cogentrix Energy, LLC. Mr. Mancini is also a Managing Director in Commodities at Goldman Sachs.

Mr. Mancini has served on the Board of Directors of Cogentrix since 2003 and has been a Managing Director at Goldman Sachs since 1999. Mr. Mancini joined Goldman Sachs in 1993 and held positions of increasing responsibility in the firm's legal department until 2003, when he was named Co-Head of the North American Power Asset Business, a position he held until 2006. From 2003 until 2007, Mr. Mancini also served as Co-President, Chief Commercial Officer and Board Member of Cogentrix. In 2007, Mr. Mancini resigned his position as an officer of Cogentrix to head the Global Commodities Principal Investment Business at Goldman Sachs. In February 2010, Mr. Mancini returned to Cogentrix to serve as CEO.

Prior to joining Goldman Sachs, Mr. Mancini was an associate in the law firm of Debevoise & Plimpton.

Mr. Mancini is a graduate of Binghamton University of the State University of New York, and of the New York University School of Law.

Committee on Oversight and Government Reform
Witness Disclosure Requirement - "Truth in Testimony"
Required by House Rule XI, Clause 2(g)(5)

Name: Robert Mancini

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2009. Include the source and amount of each grant or contract.

None.

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

Cogentrix Energy, LLC, Chief Executive Officer and Member of the Board of Directors

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2009, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

Federal Financing Bank Note Purchase Agreement; aggregate amount not to exceed 588,750,000.00 plus capitalized interest not to exceed \$1,868,000.00

I certify that the above information is true and correct.

Signature: *Robert S. Mancini*

Date: June 14, 2012
