

OPENING STATEMENT
Ranking Member Eddie Bernice Johnson (D-TX)

House Committee on Science, Space, and Technology
“Energy Innovation: Letting Technology Lead”
July 19, 2017

Thank you, Chairman Smith for holding this hearing, and I would like to thank the witnesses for being here today.

In years past, this Committee would hold an annual hearing on the Administration’s budget proposal for the Department of Energy, and I would typically begin my remarks with a few brief reminders of how government-supported energy research can pay off – ranging from the birth of the nuclear power industry to the shale gas revolution. I’d then move on to provide my views on what usually was a thoughtful, well-crafted budget proposal, even if I might have had a few disagreements with it.

Unfortunately, this is not a typical year. First, while the Administration’s budget blueprint was released back in March and its detailed budget request was released in May, our Committee has still not yet scheduled a hearing with Secretary Perry testifying to explain and defend his proposal. While the panel before us today has a broad and impressive range of expertise that will at least enable us to begin this discussion, none of these witnesses can speak for the Department. In order for this Committee to fulfill its oversight responsibilities, I urge the Chairman to schedule a hearing with the Secretary as soon as possible.

As for the FY18 DOE budget request, I want to be clear. I am deeply disturbed by the Trump Administration’s proposed budget for the Department of Energy. It would completely eliminate ARPA-E, an agency that has already demonstrated incredible success in advancing high-risk, high-reward energy technology solutions that neither the public nor the private sector had been willing or able to support in the past. This accomplishment was highlighted in a Congressionally mandated National Academies review of the agency released just last month. Bipartisan industry leaders like Norm Augustine and Bill Gates have repeatedly called for tripling this agency’s budget given the unique role that it is now playing in our energy innovation pipeline. And I’d be remiss if I didn’t refer my colleagues to Secretary Perry’s March 8th tweet, issued just 8 days before this budget blueprint was released, which states, and I quote, “Innovators like the ones supported by our ARPA-E program are key to advancing America’s energy economy.” I couldn’t have said it better myself.

In addition, the President’s budget proposal would eliminate DOE’s loan guarantee and Advanced Vehicle Technology Manufacturing programs. Mr. Chairman, we just held a hearing on these programs a few months ago, and we learned that their record of accomplishment more than justifies our continued support. The DOE Loan Programs Office has been instrumental in launching the utility-scale PV industry, Tesla Motors, the construction of our first new nuclear reactors in 30 years, and it is now supporting the commercialization of new carbon capture and reuse technologies. Overall, the Loan Office’s losses are only about 2% of its entire portfolio – a rate that is lower than many venture capitalists achieve. And even after accounting for those

losses, the interest payments from these loans and loan guarantees have returned over \$1 billion to the Treasury. If we're aiming to create jobs *and* reduce the deficit, these are exactly the programs we should be supporting.

Finally, the budget proposal would slash the Department's other critical energy technology offices for energy efficiency, renewables, the grid, fossil energy, and nuclear energy by \$2.3 billion overall or about 57%. And it would cut the DOE Office of Science, the largest supporter of physical sciences research in the country, by over \$900 million or about 17%. Our national infrastructure for scientific and energy research would be irreparably harmed if these cuts were actually implemented.

Now, I am not going to tell you that every program the Department currently implements is perfect, that reforms should never be considered, or that reasonable people can't simply disagree on the best way to allocate its resources even after a careful, rigorous review. One of my largest concerns now, especially given the incredibly severe damage that this proposal would impose on our entire research enterprise, is that such a thoughtful review never actually took place before this budget proposal was released. In fact, last month Administration officials confirmed that there was no engagement with the private sector at all to determine what industry would be able or willing to fund in the absence of federal investment. That is simply unacceptable.

In closing, I hope that we can all take a step back and more carefully consider the direction we want to move the Department in over the next several years. I look forward to hearing what our witnesses have to say on each of these critical issues, and I yield back the balance of my time.