

OPENING STATEMENT
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Hearing

An Examination of DOE's Clean Technology Programs
U.S. House Committee on Science, Space, and Technology
Energy & Environment Subcommittee

I appreciate Chairman Harris calling today's hearing to examine the Administration's Clean Technology programs. Given both the level of public interest and investment in energy, it is important that we provide oversight to the programs trying to push innovation in these fields.

The American Reinvestment and Recovery Act (ARRA) opened the door for a promising clean energy technology sector that was struggling to get a foothold in the marketplace. For many, it was a much needed boon at a time when private sector capital was drying up. But, for some at the Department of Energy, it might have seemed like too much of a good thing. ARRA put enormous pressures on the new leadership of an agency that has never been known for its transparency, speed, and efficiency. Some programs, such as ARPA-E and, to some extent, the Loan Program Office, had to be started from scratch.

It has been anything but easy, and there is still a lot of work to do at DOE. But the hard work shows, and I commend the President, Secretary Chu, and the entire management team for having the vision and stamina to stick with the long process of transforming the Department of Energy into an instrument of innovation in this country.

Unfortunately, at a time when the U.S. needs a comprehensive energy policy most, the Administration and the American public are getting mixed messages from Congress about our visions for energy in the future. There is a growing and unnecessary divide over whether clean energy technologies will ever have a place in the market, and the appropriate role of government when technological winners are assumed to be decided largely by the free market.

I say that winners are decided "largely", and not entirely, by the marketplace because energy markets are really anything but free. The sector has always been heavily regulated and heavily subsidized by governments, and, in many cases, prices are controlled by cartels and manipulated by complex financial mechanisms that have little relation to simple supply and demand. Classic economic models are insufficient for reflecting the complexities of the energy marketplace. At best, consumer choice is often limited to turning down the thermostat or buying a more fuel-efficient car. Rarely does even the most conscientious consumer have a choice about where they get their energy and the associated emissions they may bear.

The sooner we can get beyond the fallacy that free-market forces alone can or will determine which technologies are best for the public, the sooner we can have a productive discussion about how to ensure an environmentally and economically sustainable energy future. This is the

ultimate goal and what is expected of us as leaders. We are not expected to block the progress of innovation for the sake of standing guard over an outdated economic doctrine.

Our global competitors are more than happy to let us quibble over tired ideologies about “picking winners and losers.” While we sit back assuming that the U.S. will ultimately prevail in the global free market game that we created, they are busy playing an entirely different game. Other governments are very aggressively investing much more than the U.S. in high-technology and clean energy sectors, and with enough money to ensure that even their weakest players can beat the U.S. in these new markets. Is that not reason enough to try to add few new plays to our playbook? ARPA-E, EERE, and the Loan Guarantee program, along with the Energy Innovation Hubs and the Energy Frontier Research Centers, represent some of the few areas in which we are innovating in how government approaches this problem.

Despite the usual rhetoric surrounding energy R&D programs, the government actually seldom picks winners or losers. Instead, we place bets on groundbreaking science, promising technologies, talented researchers, and pioneering companies, all for the purposes of promoting a more diverse and competitive marketplace where cleaner and more efficient technologies stand a chance. Sometimes they win, sometimes they lose, and often the benefits are unforeseen, or simply go unrecognized. But that is what we, the government, are supposed to do in R&D programs.

From basic research on nano-scale materials to loan guarantees for deployment of whole systems, the role of the government should be to take on technological and financial risks that industry and academia alone are not equipped or inclined to do. We cannot guarantee the success of any project, or completely protect against failure. If we could do either, the private sector should do it. So we cast a wide net, invest in a range of technologies and projects, manage risk, accept that some disappointment and failures are expected and necessary, hope for breakthroughs, and then do whatever it takes to translate scientific discoveries into practical solutions. The programs today represent different variations on that model, but the end-goal is the same.

It is a shame that increasing the energy efficiency of the nation and diversifying our energy supply has become so politicized. Some in Congress would like to paint the complex world of alternative energy with a single brushstroke and make the public believe that, like climate change, it is all a big farce. Worse even, some have gone as far as to cast the movement towards a cleaner, more sustainable economy as a Liberal conspiracy to control people’s lives and shut down the fossil industry.

They want the American people to believe it is a zero sum game; conventional energy versus clean energy, with the latter paving the path to economic ruin. We hear them say that renewable energy technologies are a waste of taxpayer money because they are not financially viable without government support, while at the same time arguing that these technologies are too

mature to warrant government R&D funding, and are better left to the private sector. Well, which is it?

Stranger still, as my Republican colleagues lobby to make massive cuts or shutdown DOE clean energy programs altogether, they fail to acknowledge their own longstanding effort to subsidize through tax incentives, R&D programs, liability indemnification, and other means the oil, gas, nuclear and coal sectors – some of the most mature and profitable industries in the world. The appropriateness of continued taxpayer support of these sectors can be left for another conversation. I am merely highlighting the inconsistency in my colleagues' concern over interfering in the free market by picking winners and losers, and appealing for some fairness when determining which sectors are deserving of increasingly scarce federal resources.

In closing, I thank the Chairman for his attention to this subject. As I stated, in contrast to just a few years ago, there is an unfortunate and growing divide on clean energy, with partisan politics clouding our collective judgment on what is best for our future. I believe that, in the future, we will all see that a diverse and clean energy portfolio is worth the investment. Luckily, we have made a down payment with programs such as ARPA-E, EERE and the Loan Guarantee Program. Thank you.