



MEMORANDUM

To: Members and Staff, Subcommittee on Oversight and Investigations

From: Majority Committee Staff

Re: Oversight and Investigations Subcommittee Hearing, “Microvast and More: Oversight of President Biden’s Energy Spending Spree”

On Wednesday, June 21, 2023, at 2:00 p.m. (ET) in 2322 Rayburn House Office Building, the Subcommittee on Oversight and Investigations will hold a hearing entitled, “Microvast and More: Oversight of President Biden’s Energy Spending Spree.”

I. WITNESS

- David Howell, Principal Deputy Director, Office of Manufacturing and Energy Supply Chains, Department of Energy

III. BACKGROUND

A. The Department of Energy’s Office of Manufacturing and Energy Supply Chains

On February 9, 2022, the Department of Energy (DOE) announced an organizational realignment to facilitate its administration of funding and authorities under the Energy Act of 2020 and the Infrastructure Investment and Jobs Act (IIJA).¹ The DOE also launched three new offices with the stated goal of supporting clean energy infrastructure deployment, including the Office of Manufacturing and Energy Supply Chains (MESC).² Per the DOE, MESC bears responsibility for securing domestic clean energy supply chains and supporting the manufacturing base necessary for “a clean and equitable energy transition”.³ David Howell has served as Acting Director and Principal Deputy Director of MESC, after previously serving as

¹ DEP’T OF ENERGY, *DOE Optimizes Structure to Implement \$62 Billion in Clean Energy Infrastructure Investments from Bipartisan Infrastructure Law*, Feb. 9, 2022, <https://www.energy.gov/articles/doe-optimizes-structure-implement-62-billion-clean-energy-investments-bipartisan>.

² *Id.*

³ DEP’T OF ENERGY, OFFICE OF MFG. AND SUPPLY CHAINS, *Office of Manufacturing and Energy Supply Chains, About the Office of Manufacturing and Supply Chains*, <https://www.energy.gov/mesc/office-manufacturing-and-energy-supply-chains> (last visited June 13, 2023).

the Director of DOE's Vehicle Technologies Office.⁴ Giulia Siccardo recently joined the DOE to assume the role of Director of MESC.⁵

B. Recent Legislation and Authorities of the Office of Manufacturing and Energy Supply Chains

MESC will implement several provisions of the IIJA and Inflation Reduction Act (IRA), managing the programs authorized and administering the related funding. MESC executes the following IIJA programs: the Advanced Energy Manufacturing and Recycling Grant Program; the Battery and Critical Mineral Recycling Programs (Retailers as Collection Points, and State and Local Programs); Battery Manufacturing and Recycling Grants; Battery Material Processing Grants; Energy Efficient Transformer Rebates; Extended Product System Rebates; Implementation Grants for Industrial Research and Assessment Centers; Industrial Assessment Centers; and State Manufacturing Leadership.⁶ MESC also manages the Domestic Manufacturing Conversation Grants and Defense Production Act activities funded by the IRA.⁷

⁴ DEP'T OF ENERGY, OFFICE OF MFG.AND SUPPLY CHAINS, *David Howell*, <https://www.energy.gov/mesc/person/david-howell> (last visited June 13, 2023).

⁵ DEP'T OF ENERGY, *Giulia Siccardo*, <https://www.energy.gov/person/giulia-siccardo> (last visited June 13, 2023).

⁶ DEP'T OF ENERGY, DOE/CF-0194, FY 2024 CONGRESSIONAL JUSTIFICATION VOL. 3, MANUFACTURING AND ENERGY SUPPLY CHAINS 180-181 (2023).

⁷ *Id.* at 181.



C. Related Committee Activities

On October 19, 2022, the DOE announced twenty selectees to receive a total of \$2.8 billion in IJIA funding under the Battery Manufacturing and Recycling Grants Program.⁹ One of those selectees was a company called Microvast, Inc. Citing concerns about that selectee's ties to China, on December 14, 2022, then-Energy and Commerce Committee Republican Leader Cathy McMorris Rodgers and then-Oversight and Investigations Subcommittee Republican Leader Morgan Griffith sent the DOE a letter requesting a briefing that included specific information about the award to Microvast, Inc.¹⁰ On May 22, 2023, the DOE announced that it

⁹ DEP'T OF ENERGY, *Biden-Harris Administration Awards \$2.8 Billion to Supercharge U.S. Manufacturing of Batteries for Electric Vehicles and Electric Grid*, October 19, 2022, <https://www.energy.gov/articles/biden-harris-administration-awards-28-billion-supercharge-us-manufacturing-batteries>.

¹⁰ Letter from Cathy McMorris Rodgers, Chair, H. Comm. on Energy and Commerce, and Morgan Griffith, Chair, Subcomm. on Oversight and Investigations, to Jennifer Granholm, Sec’y, Dep’t of Energy (Dec. 14, 2022).

ended negotiations for this award and would not be awarding Microvast any funding. DOE did not provide any reasons why they had seemingly changed their decision..¹¹

Earlier that month, the Subcommittee on Oversight and Investigations had invited then-Acting Director Howell to testify about MESC's activities at a May 23, 2023, hearing, but the DOE refused, citing inadequate time to prepare testimony despite receiving notice of the request two weeks in advance of the hearing. However, the DOE agreed to make Acting Director Howell available at a later date in June. The Subcommittee held the hearing with nongovernment witnesses, who testified about concerns regarding IIJA and IRA programs and incentives, efforts to strengthen domestic energy supply chains, and the risks of relying on foreign adversaries such as China for energy sector products and materials.¹²

III. DISCUSSION

The hearing will provide an opportunity for Members to learn more about this new DOE program office and its role in the DOE, its efforts to manage its financial awards programs and responsibly administer federal funds, and its activities to secure our energy supply chains. Testimony and discussion are expected to include the following key questions:

- What role does MESC play in programs administered by other DOE offices that implicate energy supply chain concerns, and how does MESC support DOE in working with other federal entities involved in supporting domestic manufacturing and strengthening energy supply chains?
- How does MESC plan to address some of the most critical threats to our national security and energy sector, and what are its priorities for the coming years?
- How is MESC approaching the challenge of standing up so many new programs and guarding against waste, fraud, and abuse of those funds?
- What steps is MESC taking to steer federal funds designed to support a domestic manufacturing and industrial base towards accomplishing those objectives, rather than being exploited by international rivals?

IV. STAFF CONTACT

¹¹ See James Bikales & Kelsey Tamborrino, *DOE Won't Award \$200M to Battery Company Criticized by GOP Over China Links*, POLITICO, Mar. 23, 2023, <https://www.politico.com/news/2023/05/23/energy-department-microvast-china-00098286>.

¹² See *Growing the Domestic Energy Sector Supply Chain and the Manufacturing Base: Are Federal Efforts Working?: Hearing Before the Subcomm. on Oversight and Investigations of the H. Comm. on Energy and Commerce*, 118th Cong. (2023).

For questions regarding this hearing, please contact Christen Harsha of the Committee staff at (202) 225-3641.