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DEPARTMENT OF ENERGY MANAGEMENT

AND MISSION PRIORITIES

THURSDAY, OCTOBER 12, 2017

House of Representatives,

Subcommittee on Energy,

Committee on Energy and Commerce

Washington, D.C.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 2123 Rayburn House Office Building, Hon. Fred Upton [Chairman of the Subcommittee] presiding.

Present: Representatives Upton, Olson, Barton, Shimkus, Latta, Harper, McKinley, Kinzinger, Griffith, Johnson, Bucshon, Flores, Mullin, Hudson, Cramer, Walberg, Rush, McNerney, Peters, Green, Doyle, Castor, Sarbanes, Welch, Tonko, Loeb sack, Schrader, Kennedy, Butterfield, and Pallone (ex officio).

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Staff present: Ray Baum, Staff Director; Allie Bury, Legislative Clerk, Energy/Environment; Karen Christian, General Counsel; Kelly Collins, Staff Assistant; Jordan Davis, Director of Policy and External Affairs; Wyatt Ellertson, Research Associate, Energy/Environment; Adam Fromm, Director of Outreach and Coalitions; Ali Fulling, Legislative Clerk, Oversight & Investigations, Digital Commerce and Consumer Protection; Jay Gulshen, Legislative Clerk, Health; Tom Hassenboehler, Chief Counsel, Energy/Environment; Jordan Haverly, Policy Coordinator, Environment; Paul Jackson, Professional Staff, Digital Commerce and Consumer Protection; A. T. Johnston, Senior Policy Advisor, Energy; Ben Lieberman, Senior Counsel, Energy; Mary Martin, Deputy Chief Counsel, Energy & Environment; Katie McKeogh, Press Assistant; Brandon Mooney, Deputy Chief Energy Advisor; Mark Ratner, Policy Coordinator; Tina Richards, Counsel, Environment; Annelise Rickert, Counsel, Energy; Dan Schneider, Press Secretary; Peter Spencer, Professional Staff Member, Energy; Jason Stanek, Senior Counsel, Energy; Madeline Vey, Policy Coordinator, Digital Commerce and Consumer Protection; Hamlin Wade, Special Advisor, External Affairs; Andy Zach, Senior Professional Staff Member, Environment; Priscilla Barbour, Minority Energy Fellow; Jeff Carroll, Minority Staff Director; Jean Fruci, Minority Energy and Environment Policy Advisor; Rick

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Kessler, Minority Senior Advisor and Staff Director, Energy and Environment; Jourdan Lewis, Minority Staff Assistant; John Marshall, Minority Policy Coordinator; Jessica Martinez, Minority Outreach and Member Services Coordinator; Jon Monger, Minority Counsel; Dino Papanastasiou, Minority GAO Detailee; Alexander Ratner, Minority Policy Analyst; Tuley Wright, Minority Energy and Environment Policy Advisor; and C. J. Young, Minority Press Secretary.

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Mr. Upton. The Subcommittee on Energy and Power will now come to order, and the Chair will recognize himself for five minutes for an opening statement.

First of all, welcome. Welcome, Mr. Secretary, it is great to have you here. And today's hearing is going to examine the Department of Energy's management and mission priorities under the leadership of Secretary Rick Perry, whom I am very pleased to welcome this morning for his first appearance before the subcommittee.

DOE performs essential nuclear security and national security missions. It plays a central role in ensuring the nation's domestic energy security and stewarding America's strategic energy interests in the international markets. It performs challenging cleanup operations to address its vast environmental and nuclear waste liabilities. And it provides key energy data, and supports foundational science and technological development to advance the benefits of all forms of energy and energy delivery to ensure the long-term security and prosperity of Americans.

The success of these diverse missions requires sound management and robust Secretarial authorities. Success also requires focused attention and budget resources to address the most pressing priorities in light of current and anticipated

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energy and security situations.

In this context, this hearing will help the committee gain insight into the Secretary's priorities regarding the Department. It also will help the Secretary understand our perspective on priorities we see as essential for DOE's missions going forward.

When it comes to energy policy, key priorities include DOE's role to ensure energy security, the reliable supply and delivery of energy, and the strategic value of our domestic energy resources and energy technologies.

The changing energy landscape in the U.S. has produced profound impacts on how our national security policies and its respective departmental missions should be oriented. Although we are in an era of domestic energy abundance, new threats to energy security have been growing and requiring more urgent attention.

In the previous Congress the Commission's work along these lines informed enactment of several bills to address emerging threats and to update the Department's energy policy and security priorities.

For instance, we enacted legislation to support modernizing SPR to improve its emergency response capability. We enacted other provisions for DOE to improve emergency preparedness for energy supply disruptions, protect energy infrastructure

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physical and cyber security, and prioritize energy security in federal decision-making. We also lifted the 1970's-era export restrictions on crude oil.

We are continuing in this Congress to move policies that enhance the delivery and supply of energy. We are also taking a comprehensive look at electricity market structure and recent developments and challenges for the way that we generate, transmit, and consume electricity in the nation, with an eye towards updating the relevant laws governing our electricity sector.

With the able assistance of Vice Chair Joe Barton we will be looking at just what is necessary to ensure DOE is positioned for new energy and security challenges, all of these efforts aimed to update the nation's energy policies to ensure more secure, reliable, and affordable energy.

In recent weeks the Secretary has demonstrated DOE's nationally relevant roles regarding energy security and reliability. The series of devastating hurricanes hitting Texas, Florida, and Puerto Rico highlighted the vital nature of robust energy systems and the Department's emergency response capabilities. From all accounts, the Department served the emergency efforts well. And I look forward to learning what more DOE can do to serve the interests of affected areas, particularly

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Puerto Rico.

The Secretary also recently demonstrated he is willing to take action in the area of electricity market regulations. As you know, this is an area that the Energy Subcommittee is currently very engaged in, with seven hearings thus far under our belt, including two last week. While I reserve judgment on the policy solutions, the fact that the Secretary stepped into this complicated debate reflects the current need to have a broader conversation about the functioning of the nation's electricity markets.

Whether it be interventions through the tax code or through federal and state environmental policies and mandates, all have played a complicated role in the market-driven economic outcomes currently affecting the generation profile of the power grid. Reliability and resiliency are important attributes to begin the conversation, but none of these issues can be addressed in a vacuum, as economics, technology, security, and how to address other externalities such as environmental attributes all will have a role to play. I look forward to working with DOE and FERC on these issues as we begin to oversee the process.

The rise of cyber, the transformation of power generation, the regulatory challenges that continue to affect the cost and availability of all energy, all require a strong voice on national

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energy policy. That is what Congress envisioned for DOE 40 years ago, and it is still important today.

I yield to my friend and colleague, the Vice Chair of the Subcommittee, Mr. Rush from Illinois, five minutes.

He switched parties overnight. It is the front page of *Politico*. The Ranking Member. Though I know he would probably prefer to be Vice Chair.

[The opening statement of Mr. Upton follows:]

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Mr. Rush. No, not for Vice Chair, Mr. Chairman, I wouldn't switch parties just to become a Vice Chair. You know that.

Mr. Chairman, I want to thank you so much for holding this long overdue hearing on the Department of Energy's missions and management priority.

Mr. Secretary, you have the distinction of being the first agency head under the current Administration to actually come before this subcommittee as we sit here. So I also want to thank you for gracing us with your presence here today.

Mr. Chairman, as we know, our budget proposal highlights the priorities within an agency. And I must say that I have many, many concerns with the FY 2018 budget proposal put forth by this Administration. For starters, they are demonstrating proposed cuts to some of the most important federal investments in clean energy programs, power unit operations, next gen. energy technologies, and cyber attack management for energy systems. The President's DOE budget proposal would slash the Office of Energy Efficiency and Renewable Energy by 70 percent while eliminating the Weatherization Assistance Program completely.

Mr. Secretary, as a former governor I am sure you understand that getting rid of a program that benefits so many low income families nationwide is a non-starter for me and many members of Congress on both sides of the aisle. Recently, Mr. Chairman, the

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Advanced Research Projects Agency-Energy, or ARPA-E, will also be terminated in the President's budget, although it makes absolutely no sense to eliminate a program that spurs innovative energy technologies that can lead to major advancements in how we produce, store, and consume energy.

And, frankly, Mr. Chairman, ARPA-E led to \$1.8 billion in private funding and launched more than 50 new companies since its inception. Additionally, the Office of Science, with funds in 17 national laboratories, will face a \$1 million, or 17 percent, decrease from FY 2017 levels, mainly impacting the world's largest single investment in basic research.

Mr. Chairman, while I am concerned regarding the diversity and leadership in these labs, and in the agency itself for that matter, I cannot support the cuts proposed in the President's budget. The budget proposal will even cut fossil energy research by more than half, even as the President is so supportive on the idea of saving coal. Mr. Chairman, instead of trying to tip the field in favor of any specific industry, as the most recent ill-advised DOE number appears to try to do, it makes more sense to invest in the technology of the future to create jobs at home which can also, which also can be sold overseas.

Mr. Chairman, I look forward to hearing Secretary Perry's vision for the 21st Century energy grid, and if he agrees with

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the majority of stakeholders that we have heard from during our entire powering American series. Hearing these experts who represented energy technology companies, RTOs, and consumer advocate groups, all agree that customer behavior is a driving force in shaping what the grid will look like in the future.

These consumer-driven trends include greater access to \*\*10:16:41 and more control over their energy use; a greater demand for cleaner, renewable sources of energy to compete with traditional fossil fuels; an increase in discriminate generation, battery storage, and demand response resources; more energy efficiency initiatives; as well as a demand for lower energy costs.

So, Mr. Chairman, I really look forward to engaging Secretary Perry on his vision for this Department that he wanted to infamously abolish. And with that, I yield back the balance of my time.

[The statement of Mr. Rush follows:]

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Mr. Upton. The gentleman's time has expired.

The Chair will recognize the Chairman of the full Energy and Commerce Committee, the congressman from Oregon, for an opening statement, Mr. Walden.

The Chairman. Thank you, Mr. Chairman.

Mr. Secretary, welcome to the Energy and Commerce Committee. We are delighted to have you here to share your thoughts and views with us and answer our questions. And we appreciate your leadership.

I understand that DOE held a ceremony yesterday to celebrate its 40th birthday as a cabinet agency. I think you would have to agree, lots has changed in this country, in the world, and in the world since Congress created the Department of Energy, especially in the national security and energy security space, where DOE provides critical functions for the country.

While the domestic and international energy posture is substantially different from what it was in the 1970s, I do not believe the importance of DOE's role serving the nation and public interest has diminished.

This past August, Secretary Perry joined me at an energy roundtable with local officials and energy leaders at McNary Dam, on the mighty Columbia River in Umatilla County, Oregon, which produces power for the Bonneville Power Administration. Of

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course, Secretary Perry could not leave Umatilla County without one of our famous Hermiston watermelons, which I know you enjoyed, the best in the world. I believe Secretary Perry also left with a greater appreciation of the tremendous zero carbon emitting power resource we have that is helping grow the economy in Oregon and throughout the Northwest. And I think you learned Texas wasn't the only big, open, wide space around that poses difficulties getting to as we crisscrossed the great Northwest.

The next day I had the pleasure of accompanying the Secretary to DOE's Pacific Northwest National Laboratory and then to the Hanford Site, just up the Columbia River from my own district in Oregon.

A couple of observations from that visit are pertinent for today. First, it was evident that abundant energy was critical to the historical success of Hanford's industrial operations, which built nuclear reactors and produced the plutonium vital to winning World War II, and later maintaining the nation's nuclear deterrent program.

Second, Hanford and its cleanup operations led to advances in engineering practices, research and development programs, and scientific activities that are necessary for the site's safe and secure operations. And I was pleased to see the improvements being made in the cleanup there. That hadn't always been the

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case, and it seems like they are finally on track.

These advances led to the development of a world-class national laboratory. And today, the Pacific Northwest National Lab, in collaboration and partnership with DOE's 16 other national laboratories that are spread out in remote places around the world, or country, provide scientific and technical breakthroughs to meet our national security and energy security needs, from securing our electric grid to advancing storage technologies.

So, as we examine the DOE management and mission priorities today, we build on the work that I have asked Vice Chairman Barton to undertake with you to look at what a 21st Century energy department should look like, we should keep in mind the benefits of the interconnected nature of the Department's missions. But these missions across DOE's enterprise can be expensive and difficult to manage. And so, it is the responsibility of the Secretary and this committee and Congress to ensure the Department is appropriately aligned to perform these missions in a cost-effective manner, and to the maximum benefit of the taxpayer.

And as Chairman Upton has indicated, the energy threats today are not the same as the threats of the 1970s, but they remain significant. The opportunities do as well. This committee will work in the coming months and through this Congress to ensure the Department's organization and missions are aligned with the

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energy security challenges of our generation.

And as I said, at my direction the Vice Pres -- or vice Chairman, not the Vice President, has already started to facilitate, in coordination with the Energy Subcommittee, work to ensure that DOE's resources are focused on the core missions of nuclear and energy security, environmental remediation, mission-enabling science and R&D programs. AT the same time, the committee will be examining expired DOE authorizations, many of which expired over a decade ago, to ensure more fully appropriate program alignment.

I look forward to your testimony, Mr. Secretary, and it will be helpful to both sides in our work here in the Energy and Commerce Committee. I would also like to ask you to address the recent questions that have arisen regarding travel expenditures as part of your discussion with our committee today.

In closing, I look forward to working closely with DOE and my colleagues as well as we ensure the agency is positioned appropriately for the energy security challenges that lie ahead. And, again, we are delighted to have you here today, Mr. Secretary. I have enjoyed working with you along the way and look forward to your testimony and the answers to our questions.

And with that, Mr. Chairman, I yield back the balance of my time.

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[The statement of Chairman Walden follows:]

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Mr. Upton. The gentleman yields back.

The Chair will recognize the Ranking Member of the Energy and Commerce Committee, the gentleman from New Jersey, Mr. Pallone for an opening statement.

Mr. Pallone. Thank you, Mr. Chairman. And I welcome Secretary Perry to the committee. We are pleased to finally have you here. After all, it is now the middle of October. And you are actually the first cabinet member we have had before us this year. So I hope that this is the start of a trend.

Mr. Secretary, there is certainly a lot for us to discuss today, particularly your recent proposal to upend competitive electricity markets by providing unduly preferential rates to coal and other base load generation. The substance of that proposal has serious flaws, in my opinion. Under the guise of a crisis of grid reliability, this proposal props up coal and nuclear generation with the goal of protecting fuel-secure plants that have 90 days of fuel stored on site.

The DOE's own grid report issued earlier this year stated that electricity markets, and I quote, "currently function as designed to ensure reliability and minimize the short-term costs of wholesale electricity. Furthermore, a recent study of major electricity outages found that between 2012 and 2016, less than a fraction of 1 percent were due to fuel supply problems. So the

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majority of outages are actually caused by severe weather impacting the distribution system, a problem exacerbated by climate change."

So this leads me to question the motivation behind the proposal. And to that end I am sending you a letter today asking for a detailed accounting of the process you used to develop this proposal, including the records of the meeting you and your staff had and the taxpayer funds spent developing a proposal that seems directed at helping a select group of favored energy sources.

It is an ironic proposal, considering that EPA Administrator Pruitt stated as part of his announcement in rolling back the Clean Power Plan, and again I am quoting, "that regulatory power should not be used by any regulatory body to pick winners and losers." But, Mr. Secretary, that is exactly what you are doing here. You are distorting the market, damaging the environment, and delivering preferential treatment to favored industries. And at the end of the day, killing off competitive electricity markets just to save generation assets that are no longer economical will lead to higher prices to consumers.

If you are truly concerned about reliability and resilience then the discussion we need to have should center around the nearly 90 percent of U.S. citizens in Puerto Rico and the U.S. Virgin Islands who are without power. The electricity grid in Puerto

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Rico and much of the U.S. Virgin Islands is badly damaged, and we must rebuild them to be stronger and more resilient than before Maria struck. We can't simply replace outdated infrastructure with the same materials and the same technologies as we did after Hurricane Sandy.

And this is an opportunity to modernize the grid in these areas so they are more prepared for the next major storm that will inevitably strike. And all of this requires congressional action. And the Federal Government must now act so Puerto Rico and the Virgin Islands can rebuild stronger.

This morning, after seeing the President's latest Tweet, I am concerned that the President simply does not understand the scope of the devastation in Puerto Rico and will follow through on his threat to remove FEMA from the island well before it actually has recovered.

And, finally, I know Chairman Welden -- Walden mentioned this a little earlier, I continue to be concerned by the amount of money this Administration is spending when it comes to non-commercial travel for members of the cabinet and his staff. When the reports first came to light regarding your colleagues at HHS and EPA, I asked the inspector general at those agencies to conduct an investigation, and they agreed. And those investigations are taking place.

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But today, in light of the \$50,000 you spent in taxpayer dollars for non-commercial travel I am making a similar request to the Energy Department's Inspector General. And this is of particular concern, given the extreme budget cuts that the Trump administration proposed for the upcoming fiscal year, including successful programs that help everyday Americans. I know that Chairman Walden mentioned it today, but he also mentioned it at one of our markups earlier this week, that this investigation is something that the committee will look into. So I appreciate that, Mr. Chairman.

So, Mr. Secretary, I appreciate your willingness to testify before our committee today, and hope to work with you going forward. This type of hearing is critical to making our government work better. And I hope we will see you here again, and hope we will see some of the other cabinet secretaries and agency representatives as well.

Thank you. I yield back.

[The statement of Mr. Pallone follows:]

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Mr. Upton. The gentleman yields back.

At this point, we will welcome the Secretary's testimony. It is made part of the record in its entirety, and we will let you summarize it. And following that, we will do questions from the dias.

So, welcome again. Thank you. Turn that mic on.

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STATEMENT OF THE HONORABLE RICK PERRY, SECRETARY, U.S. DEPARTMENT OF ENERGY

Secretary Perry. Ranking Member Rush, I am privileged to be in front of you and the other members of the Committee. I am proud to be able to represent this Administration in front of you. Proud to represent the Department of Energy. It has been a couple of months since I appeared before Congress, and I want to take this opportunity to highlight the progress that we made towards achieving our goals at DOE. I will make every to be brief, sir, as we go forward with my oral comments, and respectfully request that my full remarks be inserted in the record.

I would like to start this morning by mentioning how refreshing it is to see a subject, energy policy, that has so much bipartisan support in, in this Congress. This committee has been a strong partner to the Department of Energy over the course of the, of the years. And I look forward to working together with you to enhance our energy security and further our national interests.

Since taking office, my priorities for DOE have focused on reorienting the Department of Energy on its core missions: ensuring American energy security; spurring innovation; enhancing national security; and addressing the obligation of

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legacy management and nuclear waste. We are making solid progress towards these goals, but there is much to be done. There is a distinct role for Congress to play in supporting our work, and I look forward to our ongoing cooperation.

Our work together on energy and security policy is paramount for America to exert leadership necessarily both here at home and abroad. Let me talk for a moment, if I could, about America's energy security.

America's economic and national security depends on our energy security. We are putting the United States in a more stable and secure position to address the domestic energy needs by establishing reasonable and reliable energy policies. We realize that energy security begins at home. We have taken concerted steps to address years of insufficient action regarding grid resilience and reliability.

The Department addresses not only manmade challenges to our grid's reliability, but those of national disasters as well. The Department has played a critical role in the coordinated federal response to recent natural disasters. We have been in almost daily contact with our industry partners since Hurricane Harvey began to threaten the Gulf Coast. And that coordination continues till through to today.

We currently have more than two dozen technicians from DOE

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and the Western Area Power Administration in the Virgin Islands. We will have almost 30 in Puerto Rico in the coming days. We will continue to support the work to restore power in the Virgin Islands and Puerto Rico.

Not only are we dedicated to our recovery efforts in the south and the east, but we are also turning our focus to the west. We are working closely with our partners in California who are now facing some historic impacts of these recent wildfires.

And I would like to switch over to and speak about innovation just a moment, if I could, and DOE's role in innovation and advancing science, which is a key part of our mission.

As Chairman Walden mentioned, we had our 40th anniversary of the creation of DOE yesterday, 40 years of energy innovation. And that is a perfect description of what DOE has been doing since its inception in 1977. The energy security we Americans enjoy and take for granted would not have been possible without American ingenuity and clear focus on innovation, Leader Rush, as you, as you point to in your remarks.

I am very proud of the advancements that DOE research and development has spurred, and much of it from our national labs system. Our national labs have put a distinctly American stamp on the last century of science. In fact, nearly a third of all Nobel Prize-winning work in the fields of physics and chemistry



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are DOE associated or sponsored. And that is a pretty impression show from my perspective of the investment that you all have made in the labs in the previous years.

Let me switch over to the national security issue through nuclear science. And I want to touch just briefly what I think is an incredibly important issue facing our Department today, and that is nuclear security. As a member of the National Security Council I have a unique and a vital role in ensuring our nation's security. And I undertake these responsibilities with the utmost gravity.

For more than 70 years a cornerstone of our national security strategy has been a credible and reliable nuclear capability. This strategy has served the United States and our allies well. Our work on non-proliferation is equally important. The Department's national security -- or, excuse me, National Nuclear Security Administration is a leader in our nation's efforts to ensure nuclear weapons and materials do not fall into the hands of rogue regimes or terrorists. In short, we seek to deny nuclear capability to those who are not friendly to the United States while reinforcing the America idea that we are a steadfast ally to peaceful nations.

Let me shift over to legacy management, if I may, and the nuclear waste issue. The national security mission comes with

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a final responsibility, and it is the Department's environmental management side. Every secretary of energy upon confirmation is met with the size and the scope of the Department's cleanup mission. It is staggering in its scope and its size. It is our solemn obligation to clean up the environmental legacy of the weapons programs, the sites, the communities that helped us win World War II and the Cold War.

My direction has been to put DOE on a final path to achieving the cleanup mission across our enterprise, more safe, more streamlined, sooner, and at less cost to taxpayers. There is more work to be done. And we will need Congress' assistance in order to achieve our environmental, our environmental management goals in streamlining state regulations.

The Department of Energy from my perspective has another obligation, a moral obligation to advance solutions for the long-term disposal and storage of spent nuclear fuel and high-level waste. The American people deserve a solution to this problem, and we can no longer kick the can down the road.

I would like to commend this committee for the leadership on this issue. This committee's bipartisan approval of a nuclear waste policy bill by an overwhelming 49 to 4 vote stands as a clear example to the American people that we can work together and look forward to finally finding a path forward.

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Mr. Chairman, if I may, to address Chairman Walden's issue of this travel issue that has cropped up and been in the media and what have you, and I want to address it from straight on. As a former governor of a fairly good-sized entity, I totally understand the idea of having oversight on travel to spend our money appropriately, thoughtfully.

I was the Agriculture Commissioner of the State of Texas for an 8-year period of time. Southwest Airlines does not go to Dumas, Texas. And so, you know, there are multiple ways you can get there. You can drive. Boy, it takes a while. I guess you could take the bus. I suppose you could even hitchhike. You can get there, but you are not going to get much work done.

And the point is, a lot of these jobs are different from the standpoint -- and DOE is kind of unique in that sense, and when Leslie Groves was choosing the places to start national labs and to do the Manhattan Project he wanted to go places that were pretty difficult to get to. Hanford is one of those. And when you think about where our national labs are and the places that I have been required to go, and will continue to go to do my job.

And I might add, during my confirmation hearing in front of senators and then, obviously, going and speaking to a number of you, almost every member invited me to come to their district, to come see what you have in your district, to see what you have

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in your district. And I am obliged to do that. And so it is going to require travel.

One place I went, Mr. Pallone, and this is in the report that you have, I was, I was invited and accepted to go to a, a mine that is dealing with rare earth minerals in Hazleton, Pennsylvania, with another stop the next day to spend in the entirety of that day in Portsmouth, Ohio, with Senator -- with the senator. And the, the point is it is really difficult for us to have gotten there without taking that private aircraft to Hazleton. You can get there. I am not, I am not going to tell you you can't. But to conduct the business, and I think we have looked at this closely, we have been thoughtful about how we did it.

I mean, I am a frequent flyer on Southwest Airlines and United. And the last time I was on United I think I was on seat 10B. And there is nothing wrong with seat 10B. It is a good place to be. It gets there about the same time as 1A. But the point is I travel a lot to do my job. I do it in a way that I think is thoughtful, with the taxpayers in mind. I did it for 30 years as a House member, as the Agriculture Commissioner, as the Governor of Texas, and now as the Secretary of Energy. And I am going to continue to do my job. I am going to make my commitment to you that I am going to try to do it in the most thoughtful and

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the most reasonable way to do that, but realizing that from time to time if I am going to be in those places, and we are going to be there in a timely fashion, we may have to do it in a way that does expend some, expend some taxpayers' dollars.

But I hope at the end of that process they can look back and say, you know what, these folks did a good job of expending our dollars and getting the job done. And I think that is really the goal here.

So let me just finish by saying to each of you thank you for allowing me to come and to inviting me to share my vision of what DOE's opportunities are in the future. I look forward to working with every member of this committee. Gene Green and I have been working together now for coming on long time, 35 years or so. And we will continue to be a partner with each of you as we find the places that we can serve the American people.

And, again, thank you for your, thank you for your service. Thank you for your standing up and saying that you are willing to sacrifice much to serve this country. Thank you, sir.

[The prepared statement of the Honorable Rick Perry follows:]

\*\*\*\*\*INSERT 5\*\*\*\*\*

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Mr. Upton. Thank you, Mr. Secretary. We appreciate your testimony. At this point, we will engage in questions, alternating between Republicans and Democrats for the short-term here.

So, Mr. Secretary, as you know, the grid resiliency in the Notice of Proposed Rulemaking that was issued two weeks ago has attracted lots and lots of attention. In August, DOE's staff report recommended that FERC expedite its efforts with the RTOs and the ISOs to improve energy price formation.

So I have two questions, two quick questions:

What prompted DOE to act under Section 403?

And, would it be fair to say that DOE exercised its authority under Section 403 because there is a level of urgency that wasn't perhaps being addressed elsewhere?

Secretary Perry. Mr. Chairman, the, the base reason that we asked for this, for FERC to take a look at this and to act is that for years this has been kicked down the road, if you will. Mr. Olson has been, in his time of being in Congress has looked at this issue, as a number of you have. But Pete and I just, we have had this conversation about the resiliency, the reliability of our grid, and making sure.

And I give you one good example. Those of you who are from the Northeast, the idea that -- well, let me back up before I go

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in.

One of my great concerns as the Governor of Texas back some years ago before we were making the transition to substantially more and cleaner generation of power, kind of in between the shale gas revolution and getting those plants built, we had some brownouts in Dallas, Texas, and Central Texas, and parts of the State of Texas. And when it gets to be 108 degrees and your grandmother's house loses electricity there are some people calling the governor going, "What in the hell are you doing?" or "Why haven't you taken care of this?"

And one of the things as an elected official, I never wanted to have to explain to somebody why we didn't have the vision to put into place a reliable and resilient electrical power system. And we started working really hard in ERCOT, which is our grid there in the State of Texas, and I think we put in place both the generation and the distribution to be able to never have to have that call.

And when the polar vortex came into the Northeast back in 2014, and that event occurred, I don't think any of you want to have to stand up in front of your constituents and explain to people why there was -- why the decision had to be on turning our lights on or keeping our family warm. And so making sure that there is that resiliency there, that there is that, that fuel on,

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on the ground, on the plant facility itself I happen to think is really important, not only from a personal security standpoint, just if you will, your citizen, but also from a national security point and those military bases that are in that, in that part of the world.

So, with that as a background, Mr. Chairman, I think having this conversation, and that is what I wanted to do, as I, as I got into this and I started taking a look at it and grasping this issue better I realized that one of the ways that we could have this national discussion was to send this forward for FERC for them to consider.

Mr. Upton. Do you know what their timetable is going to be?

Secretary Perry. Sir?

Mr. Upton. Do you know what their timetable is going to be?

Secretary Perry. I don't.

Anybody have a timetable?

Mr. Upton. I know they are an independent agency but I just

--

Secretary Perry. Sixty days is I think the --

Mr. Upton. So, the recent hurricanes, they raised the importance of energy security. We are all very, very troubled with what has happened. Earlier this year Mr. Rush and I passed a bipartisan bill, it was H.R. 3050, Enhancing State Energy



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Security Planning and Emergency Preparedness Act. The bill reauthorizes an important program that helps states prepare for hazards such as hurricanes.

What has the State Energy Program and the State Energy Assurance planning played in the recent hurricane response efforts?

Secretary Perry. Well, we learn something new in every disaster. That was one of my lessons as the Governor of the State of Texas for 14 years, and we had a number of major events, none as impactful as Harvey. I don't believe during that 14-year period of time there was a storm of any greater consequence for Florida than Irma, and certainly what Puerto Rico and the Virgin Islands are facing today. But each of these we learned a new lesson in.

And I think it is important for the governors of those states to come forward working with our counterparts at FEMA, at the other agencies of government that are dealing with this to give us new ideas and to, hopefully, bring forward here are solutions, here is something you hadn't, you had never faced before.

Puerto Rico is a very, very unique challenge. I will give you one example. When Texas and Florida, or any other state for that matter, you could preposition your utilities. And just as an aside, each of you have utility companies in your districts.

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The men and women who volunteered, and in many cases to go into harms way into Texas, into Florida, and pre-position and go in and get those, get that electric power back on in record time. There were some 60,000 utility workers in Florida. I mean, I hope you will pass on to them your great respect for the work that those utility workers did. This is, it was herculean from my, my perspective.

But I think it is really important for us to take these lessons learned and then forward them so that the Federal Government can be more efficient as we deal with the next event that occurs.

Mr. Upton. I know my time has expired, so I will yield to the ranking member of the subcommittee. I just want to say that we intend to have a hearing in the next couple weeks as to the lessons that we may hopefully have learned --

Secretary Perry. Yes, sir.

Mr. Upton. -- based on these hurricanes.

And yield to the ranking member of the subcommittee Mr. Rush.

Mr. Rush. I want to thank you, Mr. Chairman.

Secretary Perry, the NOPR you issued included the subtitle "NERC warns that premature retirement of fuel-secure generation, strength, and reliability, and resiliency in the remote power system." However, Mr. Secretary, the statement that was

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submitted by your own agency indicated that fuel diversity makes the grid more reliable. And the CEO of NERC testified before FERC in June saying, and I quote, "the state of reliability in North America remains strong and the trend lines show continuing improvement year over year."

Mr. Secretary, how do you arrive at the conclusion that plants with 90 days of on-site fuel are somehow more reliable and resilient than other sources of generation and, therefore, can receive additional compensation?

Secretary Perry. Mr. Rush, thank you. One of the things that I think is really important is that your life experiences kind of inform you about future events. And this is a great example of it. And I respect the FERC members' views that, you know, that I think their picture is one that is a snapshot in time. There is blue skies. The, you know, the sun is shining, the wind is blowing, the pipelines are carrying gas. I mean, all of those things are, you know, what we consider to be normal operating procedure.

And in that scenario our grid is fairly, well, it is reliable and it is resilient. But that is not, that is not the world that I have been asked to participate in is to oversee normalcy, is to oversee the everyday blue sky, wind blowing scenario. What I think one of my roles is is to think outside of the box.

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And when we talk about base load and we talk about -- no one in the country was involved with developing wind energy in a greater way than I was while I was the Governor of the State of Texas. We created inside that state and helped develop more wind energy than is produced in five countries. And this happened during the 2000s. So my commitment to an all-of-the-above energy strategy is not just some words and it is not just theory. I mean, there is a real track record of how we helped create the diversity.

I brought that to the Department of Energy. The President-elect when he asked me to come serve in this role knew that record of mine when I came here. And that wasn't going to change. I am still committed to an all-of-the-above. But the wind doesn't always blow. The sun doesn't always shine. The gas pipelines don't always, I mean they can't guarantee every day that that supply is going to be there.

Mr. Rush. So are you saying then that the Chairman of NERC is operating, you know, his -- and the study that was completed, done by your own agency came up with something new. Are you saying that your gut feeling is showing -- presents a stronger rationale of this study that you would take the position that you are taking now? It seems to me that you are saying, well, my gut feeling has more of a, it has more priority. My gut feeling is something -- rather than what the experts have said, I'm going off of my

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gut feeling. Am I reaching the right conclusion here?

Secretary Perry. I can't answer with definitive what the conclusion is. But I can tell you that I think it is okay, you know, you and I might disagree from time to time on a particular position. But I, I hope what we can agree upon is that the 403 that I put forward was a way to kick start a national discussion about resiliency and about reliability of the grid.

And best I can tell, we are pretty successful in doing that, sir. We are having this conversation now that we really haven't had in this country. And I think it is important for us to do it. We are not always going to agree. I am not going to agree completely with the FERC chairman. But I hope that we can have this very thoughtful, respectful conversation about making sure that, you know, no member of Congress has to stand up in front of their constituents explaining to people why the electricity wasn't on, why they weren't able to keep their constituents, you know, safe and comfortable in their homes because we didn't make the right decisions dealing with national energy policy to make sure that we have a broad, all-of-the-above energy strategy in this country.

Mr. Rush. I yield back, Mr. Chairman.

Mr. Upton. Thank you.

The Chairman recognizes the vice chair of the full committee,

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the gentleman from Texas, Mr. Barton, for five minutes.

Mr. Barton. Well, thank you, Mr. Chairman. Welcome, Governor, Secretary, friend. ADL leader at Texas A&M when I was at A&M.

This is your first exposure, I think, to the House, first exposure to our committee. What you are going to find out is those of us that have an R by our name are going to tend to be a little more friendly. Those that have a D are going to be a little more frisky. But we are all on your side.

Secretary Perry. Yes, sir.

Mr. Barton. We all want a good, robust energy policy, and nuclear policy for America.

Now, I have got questions about policy since the chairman has asked me on a bipartisan basis to put together an Energy Department reauthorization bill. And that is what we will focus on. But I want to put this thing about travel to bed.

How many times have you flown on charter flights as Secretary of Energy?

Secretary Perry. One.

Mr. Barton. One. And that was to Hazleton, Pennsylvania; is that correct?

Secretary Perry. En route, en route to Portsmouth, Ohio.

Mr. Barton. And that was at the request of a member of

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Congress; is that not correct?

Secretary Perry. Correct. And a member of the Senate.

Mr. Barton. And to your knowledge you violated no federal law?

Secretary Perry. That is correct.

Mr. Barton. And you fully disclosed it to the appropriate sources within DOE and the accounting departments and all that?

Secretary Perry. And in addition I might say ran it through all of the appropriate historic ways to get that approval.

Mr. Barton. But you understand that generally we expect, just as we have to as members of Congress, when we fly, when at all possible we fly commercial? We understand that. And I assume you understand that, too?

Secretary Perry. Yes, sir. And I have been a, and I have been a good frequent flyer --

Mr. Barton. All right. Now --

Secretary Perry. -- with two airlines.

Mr. Barton. -- I happen to know that you and your sweet wife Anita have a place up here, but you all have a place that you call home outside of Austin, Texas, and that on most weekends you like to go back to Texas. Is that not correct?

Secretary Perry. That is my goal. I can't say that every weekend.

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Mr. Barton. I didn't say every weekend.

Secretary Perry. We have some international travel as cuts into that from time to time.

Mr. Barton. I understand.

Secretary Perry. But my goal is to go back to Round Top, Texas, as often as I can.

Mr. Barton. Just out of curiosity, when you go back to Round Top, Texas, what airline, how do you get from Washington, D.C., to Austin, Texas? What airplane do you use?

Secretary Perry. Yes. I make, I make Southwest Airlines pretty happy.

Mr. Barton. Southwest Airlines?

Secretary Perry. Yes, sir.

Mr. Barton. That is the low fare --

Secretary Perry. That's the company, that is the company plane.

Mr. Barton. -- transparency airline. Yeah.

So how many times do you think you have used Southwest since you have been cabinet secretary?

Secretary Perry. I have no idea. I am sure somebody has a record of it.

Mr. Barton. But more than one? More than one?

Secretary Perry. Oh, dozens of times, sir.



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Mr. Barton. I think we are okay if the Energy Secretary flies Southwest Airlines to Texas and flies commercial when at all possible, that every now and then when you are going to Hazleton, or Hanford, or, you know, Sandia or some, all the 17 national laboratories that are out in remote places intentionally, if it is expedient and doesn't violate federal law that on occasion you use a charter flight.

And I think DOE has planes of their own. I don't know what the protocol for the cabinet secretary to use the planes is within your own agency, but there are government planes under your control; is that not correct?

Secretary Perry. That is correct.

Mr. Barton. Okay.

Secretary Perry. For instance, to get to Hanford, that is out next to Chairman Walden's district, commercial flight to Seattle. And then from Seattle down to Hanford is, is a pretty good hike. It is on the very --

Mr. Barton. And if a reporter wants to catch you catching a flight he has got a better shot at catching you at the Southwest Airlines counter than at some jet --

Secretary Perry. I think there are multiple pictures of me on the Drudge Report that showed me at Southwest Airlines reading the Drudge Report.

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Mr. Barton. And it is okay to fly American. We will let you fly American, United. I mean they are --

Secretary Perry. Yes, sir. And I --

Mr. Barton. But Southwest is basically Dallas, Texas.

Secretary Perry. And I have been on all of those. I have been on all of those carriers as well.

So, Mr. Chairman, I think the real key here is what I shared with Mr. Pallone, is that my intention will be to be as sensitive to this as we can be. And I totally respect Congress' oversight capacity here and what have you. And, you know, what I would offer you, sir, is that I think you sent a letter asking for the breakdown of the travel. And what I would like to do, with your permission, is direct the agency as well to look back at the previous secretary's travel in recent memory to look and see if our travel is pretty much in line with what Secretary --

Mr. Barton. Look at Secretary Hazel O'Leary's travel, you know, on party jets.

Secretary Perry. That may be a, that may be a --

Mr. Barton. Internationally. And do not do what she did, Mr. Secretary.

Secretary Perry. But I think --

Mr. Barton. My time has expired.

Mr. Upton. The gentleman's time has expired. At least, at

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least if you continue to fly Southwest, no one will accuse you of flying first class.

Secretary Perry. Well, now that is a, that is an argument that could be made, sir.

Mr. Upton. Okay.

Mr. Barton. Well, hopefully he gets in Boarding Group 1.

Secretary Perry. Southwest is a first class airline.

Mr. Upton. Or A, Boarding Group A, A1 to 30.

Mr. Barton. I have questions for the record, but I will submit them.

[The information follows:]

\*\*\*\*\*COMMITTEE INSERT 6\*\*\*\*\*

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Mr. Upton. The gentleman's time has expired.

The Chair will recognize the Ranking Member of the full committee, Mr. Pallone from New Jersey.

Mr. Pallone. Thank you, Mr. Chairman.

I wanted to ask you about Puerto Rico, Secretary.

Secretary Perry. Yes, sir.

Mr. Pallone. As of yesterday afternoon it is estimated that only approximately 10.6 percent of Puerto Rico's residents have electricity. And this number actually represents a decrease, because in recent days I guess there was a fault on a transmission line.

But I believe it is our responsibility to fully help the people of Puerto Rico and the U.S. Virgin Islands as they work to repair their damaged electricity grid. And it is important that we remember that these are American citizens who are without power. Judging by the President's tweets this morning, I am not sure he fully grasps that fact because he seems to be talking about Puerto Rico as if it were some foreign country where we have deployed humanitarian aid.

But, look, I know that DOE has staff on the ground. You stated in your written testimony that more than two dozen technicians from DOE and the Western Area Power Administration are on the ground working to restore power. But there are three

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other power marketing administrations across the country under the auspices of DOE. They are models are how the Federal Government can be helpful in providing power to U.S. citizens.

Are there any technicians or staff from either Bonneville, Southeastern, or Southwestern Power Authorities in Puerto Rico or the Virgin Islands? And if not, are there any plans to deploy additional personnel from these other PMAs?

Secretary Perry. Yes, sir. Well, certainly, you know, we are not interested in pushing people out just for the sake of pushing people out just to check off a box that says, you know, we have people there. So, I think a thoughtful approach to this, which I am, I am quite comfortable that we have a thoughtful approach to this.

And one of the things, Mr. Pallone, that I will share with you is this is a really different disaster. As I shared with the committee in my previous remarks, every, every disaster is different in some way. Puerto Rico is very, very different for a lot of reasons, the least of which is not that, that the electric PREPA, the public utility company in Puerto Rico, was already in bankruptcy months before this storm ever hit. So this storm really complicated the issue.

And I don't want to --

Mr. Pallone. No, that is all right. I appreciate it.

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Secretary Perry. -- use up time to go over all of that.

But the point is we have got the Corps of Engineers, and the first time in my memory -- and you may know better than me -- but the first time in my memory that the Corps of Engineers has been pushed into place to, to get this re-build going.

Now, I also know that there are a substantial amount of private sector utilities that are ready, willing, and able to go into Puerto Rico as well as the contracting process occurs to get that country back. But from early on we said this is not going to be like getting Texas electricity back on or getting Florida's electricity back on. This one is going to be a challenge.

The commitment from this Administration, and certainly from DOE, is to do this thoughtfully, look at it, and make a decision about what is the best re-build and from the standpoint of improving their, the infrastructure there so that when the next storm comes -- and there will be a next storm sometime -- that we don't have the same result.

Mr. Pallone. I just want to get to a second question. But if you could get back to me through the chairman about where there are technicians or staff from these other power marketing administrations.

Secretary Perry. Okay. Yes, sir.

Mr. Pallone. Or if there is some way to employ them so that

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they are there if they are not. Okay?

Secretary Perry. Yes, sir.

Mr. Pallone. The second question I have, and I have to go through this quickly, is that many -- it goes to the Notice of Proposed Rulemaking -- many companies have been retiring or others proposing retirements of their coal and nuclear fleets simply because it makes the most economic sense. And there are marketplace dynamics that completely contradict the premise behind DOE's Notice of Proposed Rulemaking to FERC. And the staff report on electricity markets and reliability issued by DOE in August does not support the basis of the NOPR.

So, the NOPR is short on details as to how this proposed rule would work, even though it proposes or completely changes how wholesale electricity markets operate. And my question is you have called the DOE national labs current tools, you have relied on them to prepare the DOE grid study that did not recommend the approach you are now taking through the NOPR on grid pricing. What specific analysis or model runs did you have the national labs or the Energy Information Administration prepare to determine the full impacts of your proposal before it was released?

I am just concerned that this data differs compared to the data used in the DOE grid study issued in August. To what extent

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did you take into consideration these, these other suggestions that seem to contradict your proposed rulemaking?

Secretary Perry. I am not sure I consider them to be contradictory. I don't know whether or not in my perspective that the grid study that we put forward earlier in the year addresses with specificity the events that I am concerned about. And the events that I am concerned about -- and I don't want to go back and beat this horse again -- but a polar vortex that we had in 2014 that had the potential to be devastating to the Northeast. The idea that those, those nuclear and those coal plants should be part of that mix, I happen to think they should be.

I can make the argument that if you lose those coal fields in the northeast and you lose the ability to have the power that they, they currently produce, you can never replace that. You can't do it in a, in certainly a timely way.

And so my point with this is I want to drive this conversation because, as Mr. Olson and I had discussed earlier, this has been talked about a lot but there hadn't been any action. And I want to try to push the FERC and this country to take action so that we don't face that event in the future where people's lives are put in jeopardy or where this country's national security is jeopardized because we, we just refuse to buy in to the concept that we needed a very diverse energy portfolio. That's, that's



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really at the basis of this, Mr. Pallone, is that I want to have, I wanted, I wanted this country to go through exactly what we are going through right now, which is an open, thoughtful conversation about our grid resiliency and reliability.

Mr. Pallone. Mr. Chairman, can I just ask if he could get back to us with any analysis or runs that they had the national labs or the Energy Information Administration prepare before their proposal was released?

Mr. Upton. If you could provide that for the record, that would be great.

Secretary Perry. Yes, sir.

Mr. Upton. Thank you. The Chair would recognize the Vice Chair of the Subcommittee, Mr. Olson from Texas.

Mr. Olson. I thank the Chair. Howdy, Governor Perry. I am so sorry. Fourteen years as my governor; it is a hard habit to break. Howdy, Secretary Perry.

Secretary Perry. Yes, sir.

Mr. Olson. You come aboard, my friend, at a very historic time. Power sources are changing rapidly. To handle these changes you proposed that FERC act as the power, to provide power sources with a slight preference for nuclear or coal. You said you wanted to start from the base. Well, my friend, mission accomplished.

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The response from our friends in Texas and across the country, kind of makes you feel like the Aggie of all Aggies, Colonel Earl Rudder, A&M Class of 1932, climbed those cliffs at Pointe du Hoc with fire coming down all around him.

A friend of ours, a big energy firm in Houston, said, "The Administration has declared war on natural gas." And attacks are coming that say you prefer government control over the free markets. We both know that is a pile of Bevo Longhorn poo-poo.

We both know from being with each other for 30 years in Austin, Texas, there has been no bigger proponent of the free market for energy than Governor Rick Perry. You, as our governor, fostered the shale boom at the Barnett shale plate outside of Fort Worth. As our governor, you made Texas number one wind power in America and the world.

The South Texas Power Plant, nuclear plant in Bay City, took a direct hit from Hurricane Harvey. Never flickered. Power kept flowing. But 90 miles north of there in my district, the Paris Power Plant has eight generators -- four coal, four natural gas -- had to shut down all four coal because days of rain got the coal all wet. Again, you have done your whole life to support a diversified American portfolio for energy.

I just want to ask you, can you talk about the biggest problems you face, what you are trying to change for the markets

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today? What are you trying to address with these changes?

Secretary Perry. Well, you said it very succinctly early on, and that is for us to have this conversation which we are doing. I think the idea that there is a free market in electrical generation is a bit of a -- not a bit of a fallacy, it is a fallacy. Every state regulates the energy industry; that is the reason we have a PUC. There are different phases, there are different states of regulation. And, you know, each state has to decide what, which is the best one.

Back in the late, late 1990s, I believe it was in the ninety -- in the late '90s we decided we were going to start a deregulation of the electrical industry in the State of Texas. And, basically, what deregulation means is competition. I mean that is the issue there is to let these, these companies be more competitive and less regulated by the government, state government in this case.

And so the previous administration, I think it is fair to say, they had a particular philosophical favorite in the, in the energy industry. And they put their thumb on that scale. I think there is probably multi-decades of either disregard or whatever, and I am not going to sit here and tell you I know why the nuclear energy industry was disregarded the way that it was, but we, here is the challenge that we have in this country today on the nuclear side of things: if we are going to continue to be a leader in

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nuclear energy in the world, we, we have to, we have to support this industry in this country.

And the question, Mr. Chairman, is do we have a national security interest in the nuclear industry? And my -- I think the answer is yes. And if we do, then we have to make sure that we are supporting that industry. Because if we don't, if we lose our supply chain, if we lose our intellectual chain of supply of bright scientists because we basically pushed the nuclear industry back, then we are going to lose our role as a leader when it comes to nuclear energy in the world. And that in turn is going to affect our ability to address the weapons side of it.

So, these are all interconnected. And I think making sure that we have, you know, an all-of-the-above energy strategy that is as free market as it can be, Pete. I mean, I -- you are correct. But the idea that there is a free market in the energy industry is a fallacy.

Mr. Upton. The gentleman's time has expired.

Mr. Olson. One request, sir. Beat LSU.

Yield back.

Secretary Perry. All right.

Mr. Upton. The gentleman's time really has expired now.

The chair recognizes the gentleman from California, Mr. McNerney.

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Mr. McNerney. Thank you, Mr. Chairman. Thank you, Mr. Secretary. I want to thank you for your interest in veterans' issues.

Secretary Perry. Yes, sir.

Mr. McNerney. And look forward to collaborating with you on that.

I do want to say up front, though, that your budget proposes deep cuts in programs I care deeply about: energy efficiency, energy reliability, science, ARPA-E, innovative technology and loan guarantee, and energy storage. Now, these programs I feel are necessary for our nation's economy and our national security.

So let me ask you this: do you think that climate change is any way a threat to our nation?

Secretary Perry. Yes, sir, I do. And if I could -- go ahead and ask questions and I will --

Mr. McNerney. Well, that was my question.

Secretary Perry. Yes.

Mr. McNerney. Well, okay. I mean, do you see a relation between the weather events we have had and climate change?

Secretary Perry. Most likely. Yes, sir.

Mr. McNerney, before we, you know, take a lot of time on this issue let me just say that we are probably going to agree that it is happening. We are going to agree that it is going to have

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an effect on the globe. I think where we may or may not agree is just how much of this is man's fault in our decisions that we are going to make here.

I don't believe that we need to be making decisions that could put America at a very disadvantage around the globe making decisions that we think might have an impact on climate change. I was in the Senate and one of the senators said that, you know, manmade climate change -- or excuse me, climate change was 100 percent man's fault. I don't, I don't believe that. I don't believe that climate change is 100 percent man's fault.

You know, are we having an impact on it? Absolutely. Can we make a difference? You bet. Just like we did in the State of Texas where NOX went down 60 percent, SOX down 50 percent. We had 19 percent decrease in our carbon footprint. At the same time, we led the nation in the production of job creation.

So, you can have economic growth and address your climate in a, in a positive way. And I hope that is what we all can work on together.

Mr. McNerney. We can. But it seems to me that the risk of climate change is, is bigger than, than the risk of reducing carbon emissions. I mean, there is a pretty good tradeoff in my mind about that.

But let me go on to the next question. In your remarks you

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mention the DOE's role in innovation and advancing science, but your budget calls for a 16 percent reduction in science. Can you explain that?

Secretary Perry. Yes, sir. I am going to give you a little higher level observation here about budgets. I have done budgets since 1985 as a member of the Appropriations Committee in the state House. I was a agency head for eight years, and I was the Governor of Texas for 14 years. In the early part of every session -- and we only met 140 days every other year, so it is a really cool concept -- and but the governor put a budget forward.

Generally the budgets governors -- or excuse me, the governor's budgets were pretty good doorstops. Now, I am not saying that that is how you all look at a president's budgets, but what I will tell you --

Mr. McNerney. Well, okay.

Secretary Perry. -- I know how this process works.

Mr. McNerney. Thank you for that observation, --

Secretary Perry. Yes, sir.

Mr. McNerney. -- Mr. Secretary.

We had a hearing last week of energy producers. And every single supplier said that the market should value their product fairly and be open to competition, and that that would give the best result in terms of reliability and resiliency. Do you agree

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with that?

Secretary Perry. In the, what is the right word, in the mythical world I would agree with that. In the real world that is not the case. As I shared with Mr. Olson, I don't think that you have this perfect free market world. And, I mean, we subsidize a lot of different energy sources. We subsidize wind energy. We subsidize ethanol. We subsidize solar. We subsidize oil and gas. And so the idea -- the question is how do you make it as fair as you can?

And, you know, we are probably going to argue about that. I mean Mr. Chairman Upton and I would probably have some disagreements about the perfect way to put a system into place. And that is what we are doing here. And that was really kind of my goal with this 403 is to get us to talking about the whole idea and the understanding that we have subsidized the energy industry for a long time. And I don't, I frankly don't have a problem with that.

I mean, if the concept of a free market is you are not going to have any impact except the market, I mean supply and demand, straight-up, pure, I don't know if I want to bet my grandmother's or, you know, someone's grandmother's safety and security on whether or not the lights are going to come on on a pure, you know, totally and absolutely unregulated market.



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Mr. McNerney. And I mean I am interpreting this as saying that the FERC should not be fuel neutral in a real world.

Secretary Perry. I am saying --

Mr. McNerney. My time is up. So I should yield.

Secretary Perry. Yes, I am saying FERC ought to have a open conversation with all of us about how do we make sure that we can keep electricity as affordable and accessible as we can, and at the same time making sure that the reliability and the resiliency of that grid is in place so that if there is another polar vortex and if, you know, this whole climate issue and these storms and all of this goes into your line of thought process here, we are probably going to have another one. And if we are, shouldn't it be our responsibility to make sure that when your constituents flip the lights on that they are not having to make a difference or decision between staying warm and having lights.

Mr. Upton. The gentleman's time has expired.

The chair would recognize the gentleman from Illinois, Mr. Shimkus.

Mr. Shimkus. Thank you, Mr. Chairman.

Secretary Perry, let me start by thanking you and acknowledging your words in the recent letter you sent to me regarding our nation's nuclear waste management program. I share your sentiment that the Federal Government's inability to dispose

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of nuclear waste by the legal deadlines impact communities throughout our country. And the Federal Government has a moral obligation to reach a solution to this dilemma.

We are advancing that very solution, as you mentioned in your opening statement. The full committee, we are in a subcommittee here, but our full committee passed out the Nuclear Waste Policy Act Amendments of 2017 with a vote of 49 to 4. And I thank my colleagues for working with me to move the bill.

This legislation provides the Department the tools to successfully complete the adjudication of the pending license for Yucca Mountain Repository, authorizes DOE to pursue a temporary storage program while the disposal facility is completed, allows a repository to host state to constructively partner -- of the host state to constructively partner with DOE to mitigate potential impacts, and reforms the Nuclear Waste Fund to protect ratepayers who have already paid over \$40 billion to the Federal Treasury for this program.

Do you support resumption of the licensing proceeding for Yucca Mountain Repository concurrently with the reestablishment of the Nuclear Waste Program as required by the Nuclear Waste Policy Act?

Secretary Perry. As I was sharing with Mr. McNerney that, when we were talking about budgets and governors' budgets and

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presidents' budgets and what have you, and there are certainly parts of that budget that I don't necessarily completely agree with. Hell, there were parts of my own budget when I was a governor I didn't agree with completely at the end of the process. But the point is I, I understand your role in this, and Congress' very important role in the budgeting process. And I respect it. And I am going to work within it.

So, the President's FY 2018 budget requests the funding to re-start the Yucca Mountain licensing proceedings. And I think this is a really port -- important point, that it is the licensing proceedings that this money is for. And I support that.

The most important priority now is for Congress to appropriate the funding so that we can reopen the Nuclear Waste Program and finish the Yucca Mountain licensing. At the end of it, those that are against this, Mr. Chairman, I mean those that are against this they may find out, you know, through this process that they were right or that they are not. But until we get to the end of that process we are not going to know that.

So, the sooner we receive this funding, the sooner our scientists and the lawyers can get to work.

Mr. Shimkus. And then following up on the, obviously, the authorization language that we passed through this committee, you thanked us for that.

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Secretary Perry. Yes, sir.

Mr. Shimkus. Do you feel that that -- you are right, we are on a twofold track. Those in the media following me talked about this on the appropriation debate, and we are also on the authorization, how we move the program forward should there be a successful decision. Are you encouraged by the language in the committee's bill and that that will help the Department of Energy move forward in the interim and in the long-term, again, solution to this problem?

Secretary Perry. Forty-nine to 4 vote is a pretty clear message, sir.

Mr. Shimkus. Let me go on to, as you know, all Americans are paying the cost of the Department's inaction on disposing of spent nuclear fuel. Since President Obama illegally attempted to terminate the Yucca Mountain Program the overall taxpayer exposure skyrocketed from \$12 billion to \$30 billion. This is the judgment, this is kind of off book. This is money that we are spending that a lot of us don't talk about all the time.

With another estimate due in the near future that will surely show another significant increase in incurred liability, every day American taxpayers pay millions of dollars to manage used fuel scattered around the country, while not working to dispose of the material. What specific actions do you propose to undertake to

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finally reduce these ballooning costs?

Secretary Perry. Well, one of the things that I think it would be wise for us as a country, and certainly Congress too as a partner in this process, is find some alternatives. And, you know, whether it is at WIPP, whether it is at the site in West Texas, whether it is something in Nevada other than Yucca, I mean there are a number of places, and maybe some sites that we haven't even talked about or we hadn't thought about yet, but that I just think I don't want to get stuck that it, you know, Yucca is the only place that you can go, and Yucca is the -- if Yucca doesn't happen then, you know, we are going to set here with 38 states having high level nuclear waste in various places around in their, in their states that are not secure that have potential for a disaster to occur, whether it is manmade or a natural disaster.

And so that would be one of my observations and suggestions is that we really look at, as we go forward with this funding on the licensing of Yucca, at the same time look at the alternatives that are out there. Because, Mr. Chairman, you know this as well as anybody, we are going, we are going to require all of that space to handle this high-level waste that we have in this country.

Mr. Shimkus. And, Mr. Chairman, I know my time has expired. I would just say that is one of the benefits of the interim option in the legislation allows us to start consolidating and reducing

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the multiple hundreds of locations down to a handful.

I yield back.

Mr. Upton. The gentleman's time has expired.

The chair would recognize the gentleman Mr. Peters for five minutes.

Mr. Peters. Thank you so much, Mr. Chairman. And thank you, Secretary, for being here today. We actually met in San Diego when you came to speak --

Secretary Perry. Yes, sir.

Mr. Peters. -- to our Chamber of Commerce a few years ago.

Secretary Perry. Yes, we did. Sure did.

Mr. Peters. And I represent San Diego. As you know from your visit, is a large innovation economy. And I want to just express a little concern about some of the things I have seen out of the budget, maybe you have encouraged me by calling it a doorstep, but I would still like to hear your personal feelings on it, certainly with respect to the Advanced Research Projects Agency-Energy, or ARPA-E.

This single program since it was created in 2009 has provided \$1.5 billion in funding for more than 580 projects; led to the formation of 56 new companies; spawned 68 projects with other government agencies, including the Department of Defense; and attracted more than \$1.8 billion in additional private sector

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investment. And you indicated up front that innovation and energy was one of your, was one of your goals. Why on Earth would we be talking about zeroing this out like the budget does?

Secretary Perry. Mr. Peters, as I said in my remarks in front of the Senate, I didn't, I didn't write this budget. And my job is to defend it, which from time to time is counter to what I think is good public policy. This happens to be one of those.

As the Government of the State of Texas, and President Trump, or then President-elect Trump knew that when he asked me to take this job, my history of working with the State of Texas being involved with emerging technologies and having a very thoughtful process in place with experts that looked at these technologies and then recommending to the governor and the lieutenant governor and the speaker, in the case of ours, whether or not there was -- these were places that we wanted to invest to try to bring those technologies to commercialization.

I still think that is a really good and thoughtful and an appropriate thing for government to do, whether it is the state level or the federal level. So, let me finish by saying that this is a good conversation to have. Do we have it structured properly? Congressman Barton is going to be working on the re-org over at the Department. I think we can find some solutions where we continue to push forward innovation where the government can

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identify new technologies, new innovation that can make a real difference in people's lives and help fund that.

You know, is it exactly like the structure of ARPA-E? You know, I will engage in the conversation and debate. But I think it is important for us to promote innovation.

I will give you a good example. DARPA was created to make sure that America never gets surprised again in a conflict. And they have thrown a lot of Jell-O at the wall over there. And some really good, extraordinary things have come out of it. Did they bat 1,000? No. But there is not a bank in America that can say every one of our loans we made was a good loan and we got our, we got our money back.

Mr. Peters. Mr. Secretary, I have to get into another question.

Secretary Perry. Be smart about it. Have the right kind of oversight. And I think that the President would be supportive of having the right kind of oversight and having the right focus.

Mr. Peters. I think what you said is very sensible. I appreciate your comparison to DARPA-E. That was the model. I mean DARPA, that was the model for ARPA-E.

And when the utilities came in here and I asked them specifically what is the federal role in securing -- in energy security in terms of grid efficiency and reliability, they said



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research. So I would just like to --

Secretary Perry. Sure.

Mr. Peters. -- I would like to offer that as something that you can advocate for within the Administration.

Secretary Perry. You are absolutely right, Mr. Peters. And that is happening at Idaho National Labs.

Mr. Peters. Right.

Secretary Perry. We have got that grid out there. We can go break things and not have to worry about --

Mr. Peters. You know, we know that the more nimble stuff sometimes happens outside on the DARPA model. And ARPA-E is that.

Let me just ask one other question about the all-of-the-above energy strategy. What role does energy conservation play as part of creating a supply? And is that something we should subsidize if we are subsidizing other energy sources?

Secretary Perry. The answer in the broad sense is absolutely conservation plays a role. It is, you know, we have been able to make a difference.

If you, if you can put processes into place that save energy, that make it more efficient, then you certainly should do it. We can have the, we can have the discussion, the debate about how you do that, what is the -- I mean that is really the devil is in the details about how you do that, but I do support the concept

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of conservation. It makes sense. And, you know, how we do it -- one of the things that I learned as a governor is how do you incentivize people?

We were able to clean up our air in Texas so much partially by giving some tax credits to people for switching over from older, dirty-burning diesel-type engines to newer, more efficient ones. And that really helped on the fleets. So I think that rather than, rather than subsidization that some people go, oh, you know, that is not government's role, there may be some thoughtful ways working with state and federal governments to come up with incentives to get people to change their --

Mr. Peters. My time is up.

Secretary Perry. Yes, sir.

Mr. Peters. But some people say those tax credits are subsidies, too, so.

Mr. Upton. The gentleman's time has expired.

The chair would recognize the gentleman from West Virginia, Mr. McKinley.

Mr. McKinley. Thank you, Mr. Chairman. Sorry, was disrupted there just for a minute.

Mr. Secretary, welcome.

Secretary Perry. Yes, sir.

Mr. McKinley. And it is a delight that you are here. And

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I am particularly appreciative of you continuing this discussion because we have had five or six hearings on this topic through this, this summer. And so it is really important for you to put a punctuation mark on this.

For the record I guess I should say, I don't see any daylight between you and me on this subject, particularly as it relates to reliability. I am 100 percent behind what your position is on that to give us a reliable grid system for this.

And I am coming from the area that is gas. Forty-two percent of all the gas produced in America comes from this region that I represent, part of which is Marcellus and the Utica gas shales. So I am very concerned about the reliability of this.

So I want to go back. Your views and other people have talked a little bit about the polar vortex of 2014. And I was here during a lot of that discussion during that period of time. And I think people need to remember what elements were like. Because in 2014 after that they came here, FERC came and testified before us that we came within one small power plant of having a blackout on the East Coast.

Secretary Perry. Yes, sir.

Mr. McKinley. By talking about 500 megawatts for a power, a small power plant. Since 2014 we have had 34 coal-fired power plants close down, since that period of time. Now, we have tried

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to replace them with gas and wind and other, other things. And that is to our credit, to the credit of the utility companies.

But your own analysis coming from staff and otherwise has said that during that polar vortex 22 percent of all the -- 22 percent of the power-generating capacity in the PJM market was lost during that period of time, and 55 percent of that was in gas-fired power plants. So I am concerned about if we think we are going to get reliability simply switching over to gas when we found out there are some issues with that. And that is why I am very supportive of you. I want to see us spend more research dollars in defining the ways to make gas more reliable, and find ways that we can have gas have that 90-day supply on site within, inside the fence, to be able to do that.

So I am alarmed that people are ignoring what is already here that we have, as we have got the nuclear, which is by far the most dependable supply we have: once you turn it on you are good. And then follow with coal.

So I am concerned also with the fact that people don't seem to recognize that since the polar vortex that we have still continued to have forced outages at our gas-fired power plants that I think we have to do a better job trying to help them find ways that they don't have these power outages. But 94 percent of all the outages in our gas-fired power plants, or excuse me,

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94 percent of all the outages come from gas-fired power plants.

I think we can do a better job.

So, in the time frame that I have left for you, if we had a polar vortex occur in the next couple of months in this country can you paint the picture of what we might be subjected to under the current circumstances?

Secretary Perry. Well, I am not sure I want to paint that picture and unduly scare the people of this country. I think we need to be responsible. I think we need to be really mature in the conversations that we have with the people of this country.

And I go back to I don't want any of you to have to stand up in front of your constituents and try to explain to them why they did not have power during a -- whether it is a 108-degree day in Dallas, Texas, or whether it is a substantially below freezing day in New York City. And any, I think any of us really know in our hearts that if you have a diversified portfolio you will be able to serve better than if you have a limited. I mean, we saw that back in Texas in the early 2000s when gas went to \$14 an Mcf. I mean --

Mr. McKinley. So, Mr. Secretary, don't you think then if FERC were to follow through with your mission don't you think we would have a better outcome?

Secretary Perry. Well, I do. But, I mean, that is why we

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are having this conversation here is -- and I do want to have, you know, I want to hear both sides of this and to have a very robust and open conversation. But I am very comfortable that having this diverse portfolio of energy, of hydro, of coal, of nuclear, of wind, of solar, of bio makes abundant good sense.

Now, do I think that we ought to subsidize all of them from the federal level at, you know, some grand scheme? No, I don't.

I look at, I look at wind and solar kind of like I look at my kids. I have tried to, you know, I have supported them through their growing years, but once they got off out of college, you know, they are kind of on their own. And we did that, we did that with wind and solar, we subsidized those. They have become very, very good at what they do. And they have, innovation has allowed them to become incredibly efficient. So, the idea that we need to be, you know, subsidizing them going forward --

Mr. McKinley. Unfortunately, Mr. Secretary, --

Secretary Perry. -- find the balance.

Mr. Upton. The gentleman's time has expired.

Mr. McKinley. -- my time has expired.

Mr. Upton. The gentleman's time has expired.

The chair would recognize the gentleman from Texas, Mr. Green, for five minutes.

Mr. Green. Thank you, Mr. Chairman. And, Secretary,

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welcome. You and I have known each other to the '80s when you got elected to the state legislature as a Democrat.

Secretary Perry. I started to say, back in my Democrat days.

Mr. Green. Yes. And in our younger years we played basketball together in Austin, and just like I did with Chairman Shimkus.

Our subcommittee here has had a number of hearings over the last few months. And it seems like every panel we have they talk about how Texas got it right in our fuel blend that we are doing. And other states ought to look at that. And you were governor when we created this, basically, a free market system and with the wind power, natural gas. We only have two nuclear power plants in our, in our state.

But let me read you a quote from your nomination. "Our willingness to develop natural gas and tap shale formations has helped Texas reduce its carbon footprint." But we truly advocated all the above strategies in your time as governor. Texas took the national lead in wind energy development. Texas is still one of the leading states when it comes to wind power, and many of the policies you oversaw and implemented as the governor are responsible for that.

Let me, my concern is, and I am going to quote my colleague Congressman Shimkus, as well as the Chairman of the Subcommittee

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on Environment and the Economy: "There are fundamental questions about what constitutes a base load power plant, something Perry," and I am quoting here, "in his request laid out as having 90 days worth of fuel onsite."

During Harvey our coal plants in Texas had to switch to natural gas because the coal was under water. And it was so wet, when it did get out from under water it couldn't be used. Now, we can have a conversation of power sources that didn't happen, but our natural gas plants continued. In fact, our nuclear plant, that literally the hurricane came right over, continued to function.

That is my concern, that seemed like with your new effort you are gaming the system and not doing what we did when you were governor in Texas on doing a free market program. And let me go to our national coverage now. And as Governor of Texas our electricity follows as 48 percent natural gas, 28 percent coal, 11 from nuclear, and 12 percent from wind sources.

Now, to compare that to overall sources of generation for our country last year, the U.S. got 34 percent of its electricity from natural gas, 30 percent from coal, and 20 from nuclear, and 15 from renewables, including wind, solar, and hydro. That is why I question your recent DOE notice of public review. In an internal DOE report from July, DOE "the power system is more



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reliable today due to better planning, market discipline, and better operating rules and standards."

Why do you find that there is now an immediate reliability crisis that needs to be addressed in an extremely short 45-day comment period? One, because we have had so much testimony in our own committee, subcommittee about reliability hasn't been an issue. And why do we need to do this?

Secretary Perry. Mr. Green, thank you. Let me address your first question about the issue of coal and its being impacted by flood waters in this case.

We learn something new in every disaster. I will give you one example. Remember when we did, and I think it was Ike, and we did a big contraflow on Interstate 45 bringing the -- actually we contraflowed 45 and 10.

Mr. Green. I only have about 50 seconds left and I have one more question. If you could --

Secretary Perry. Right.

Mr. Green. -- speed it up. If I get extra time like my colleagues then I can continue that.

Secretary Perry. We learn something new every time. And I will suggest to you the coal folks have learned something new this time, and how they store coal is one of those. But I don't consider that to be anything other than a bit of a diversion for

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them to look at.

And what was your last question?

Mr. Green. Well, let me go to another one though.

It seems like we're socializing now by this effort that you are trying to do, instead of do the free market system with the cheapest supplier could be nuclear because, you say, those plants will run 30 years and even extended. But right now natural gas is cheapest, or cheap as we could get with wind, and so we are using all we can of that. But it seems like you are putting your finger on the scale and not doing what we have done in the Texas for the last 15 years or so to try and let free market deal with it.

And like I said, I don't have enough time but if the chair will let you answer that.

Secretary Perry. I will briefly give you the same answer I gave --

Mr. Green. It's hard for those of us from Texas to talk fast.

Secretary Perry. Yes, sir. I understand.

The key is there is no such thing as a free market in the energy industry. Do you agree that there is a free market? I don't, not even in Texas, because we have a PUC. We had the CRES. We have, I mean government's picking winners and losers every day by regulations and what have you. And I think I am at least honest

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enough to say that that is not -- not that you are not, but --

Mr. Green. Let me interrupt. I have the right to choose --

Mr. Upton. The gentleman's time has expired.

Mr. Green. -- from 30 different plants for my, my electricity in my home.

Secretary Perry. Yes, sir.

Mr. Green. And the person who delivers it can also use whatever power generator they have.

Secretary Perry. Yes.

Mr. Green. So that is the free market that we have.

Secretary Perry. And listen, the competition side of it, Gene, I, you know me, I am all about that competition. That is what we did back through the late '90s when we deregulated that market and the competition came. But the idea is that we had, we had an administration before that had their thumb on their scale. I think you will agree that, you know, he liked green energy. And that is what, you know, that is where, that is where the subsidization came. That is where they pushed down.

I happen to think because there was in 2005 a guy that gave a pretty good speech about peak oil, that we had found it all, there wasn't any more. And taking a snapshot in time right now, \$13, \$14 an Mcf of gas, today it is substantially less than that.

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But I don't know what it is going to be five years down the road. But one of my responsibilities is to kind of look over the horizon, see what the future is.

And, again, I go back to we have to make decisions to make sure that we have a diversified portfolio so that if the wind quits blowing, if the sun quits shining, if the gas transmission line is corrupted in some way that there are still people who are going to get power. That is my goal.

Mr. Upton. The gentleman's time has expired.

The chair would recognize the gentleman from Mississippi, Mr. Harper.

Mr. Harper. Thank you, Mr. Chairman. And, Mr. Secretary, thank you and welcome. And it is always an honor to have you here.

Secretary Perry. Thank you.

Mr. Harper. And you have been a breath of fresh air as we look at the way you are doing the policy and setting those rules, looking ahead and having that foresight. And so we thank you for your, your efforts.

This past February GAO reported that the DOE is responsible for almost \$370 billion worth of environmental liabilities. About \$4.5 billion of the agency's defense environmental programs are spent on operational activities, and about \$1 billion to fund the capital asset construction projects needed to support

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operational activities.

While there is a lot of focus on how DOE spends on major capital projects, like Hanford's waste treatment plant, we are not convinced that there is enough attention to ensure operational spending results in safe, effective cleanup and, thus, reduce future taxpayer costs. Can you talk about your plans accelerating DOE's environmental cleanup work?

Secretary Perry. Yes, sir. That was one of the reasons that I wanted to go out at Chairman Walden's request, and the senators from Washington, and the government of Washington State, Governor Inslee and his Environmental Commission, and see firsthand. And I will tell you, historically there have been some decisions made that weren't -- certainly not in the best interest of taxpayers, not in the best interest of a timely cleanup.

I think what we are seeing with Bechtel as the M&O out there on the vitrification plant, and it appears that they are moving forward in an appropriate way, both budget-wise, both time-wise, to be able to get that plant up, I have encouraged them to even be ahead of that schedule, that that would be a very good thing. But I am confident that in some of these really big projects on the cleanup side that we are, we are making progress.

And as you rightfully stated, as we speed these processes up we save substantial amounts of dollars going forward.

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Mr. Harper. Your Environmental Management Office recently performed a 45-day review of operations. Can you speak to whether that will produce more effective cleanup?

Secretary Perry. Well, yes, sir.

Mr. Harper. Hope so.

Secretary Perry. It will.

Mr. Harper. Yes.

Secretary Perry. And whether it is out at Portsmouth, which I was there about two weeks ago; and we got WIPP back online in Carlsbad, New Mexico, and they are again taking shipments. We have got the chromium issue; Oak Ridge is, theirs is making progress. Savannah River is making progress on their, their tank waste out there, which is the largest environmental risk at that site.

So I am, you know, this is a monumental task, as you talked about. I mean, the amount of money and the amount of time that we are talking about here is pretty stunning.

Mr. Harper. Look, I want to talk for just a minute in the time we have left. Our national laboratories, you know, I know you visited a number of those during your tenure. The Department's national laboratories, you know, developed as really an outgrowth to the Manhattan Project. You know, that is really I think the crown jewels of our nation's federal research

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framework. And over the last decade congressionally-chartered expert panels, GAO reports, non-governmental organizations have noted DOE's continued micromanagement of the labs, saying that perhaps they hampered innovation results in inefficient processes.

So, Mr. Secretary, what is your perspective on how DOE's laboratory system is currently operating, and what steps that you might initiate to enable the labs to execute DOE's energy security and the innovation mission?

Secretary Perry. There is clearly a balancing act that goes on between management at the top of an agency of, you know, 16-plus thousand people and 100,000 contractors versus allowing laboratories complete and total freedom to go do whatever they, they want to do. Hopefully, my experience as a CEO of a fairly large entity, matter of fact one larger than DOE, for 14 years informed me about how you put good, thoughtful, capable men and women into positions of management and free them, free them to go manage and to make the right decisions.

That is what you can expect out of me because that is what my history has been. So if we have a lab that is having some challenges and, you know, Los Alamos had some challenges over the last couple of years, and we are addressing those, but by and large my approach is going to be hire really good people --

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Mr. Barton.[Presiding.] The gentleman's time has expired.

Mr. Harper. My time is up. Thank you.

Secretary Perry. -- point them in the right direction, and free them to go do what the people of this country need.

Mr. Harper. Thank you, Mr. Secretary.

Secretary Perry. Yes, sir.

Mr. Barton. The gentleman's time has expired.

Mr. Secretary, we have about another 45 minutes, hour's worth of questions. To quote you, if you will shorten your answer we can get on down the road.

Secretary Perry. Yes, sir.

Mr. Barton. And you and I can go have Texas barbecue, Blue Bell Ice Cream, --

Secretary Perry. Okay, I will.

Mr. Barton. -- and pecan pie.

Secretary Perry. I will quite filibustering, sir.

Mr. Barton. All right. I am going to remind you of that.

With that, I want to recognize my good friend from Pennsylvania, Mr. Doyle, for five minutes.

Mr. Doyle. Thank you, Mr. Chairman. Mr. Secretary, welcome.

Mr. Secretary, I would note that many of your responses to the questions regarding the NOPR highlighted the polar vortex.



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PJM, which is the RTO in my area, responded to that crisis with new rules to address those capacity issues. And while I don't think the rules are necessarily perfect, that there is many different levers to pull here, or smaller tweaks than what you are directing FERC to do in the 403.

I would also like to point out that this committee has held eight hearings on markets and reliabilities. We have actually been having the conversation that you claim to be starting. Greenwire reported last week that you claimed that the 403 you sent to FERC wasn't a directive, you said you were hoping to have a conversation. And you have said that many times today in this hearing.

However, the NOPR includes phrases like "the Commission must act now," "the Secretary is directing the Commission," and "the Secretary is requiring the Commission." The document contains the word "must" 12 times. And I just want to point out that the comment period on this NOPR is extremely short and could fundamentally reshape or destroy many of the electricity markets very, very quickly.

So, it seems to me that your quotes in front of this committee today and the document that you sent FERC seems to be at odds. So, which is it, Mr. Secretary, is this a directive for FERC to do this or is it a conversation?

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Secretary Perry. Both.

Mr. Doyle. So it is a directive then.

Secretary Perry. I mean my words are what my words are. I don't back off from them. And --

Mr. Doyle. Okay. Well, what your words said in the NOPR and what you are saying here today seem to be at odds with one. They can't be both, so which one is it?

Secretary Perry. Well, actually it is both. It can be both. We can have a conversation, and I think they must move. I think they must act. We have kicked this can down the road as long as we need to.

Mr. Doyle. Do you think there are any alternative -- I mean, what you are proposing in this 403 is rather extreme. It is you talk about putting fingers on the scale, you are putting a heavy finger on the scale here in this 403. And if you claim to be an all-of-the-above energy person, as I am, this, this is going to result in major disruption in the electricity markets.

So, you know, which comes first? This is a short comment period time, so, you know, are we in conversation mode first and then there is going to be a decision? Or have you given a directive to FERC to do something without a conversation up front?

Secretary Perry. Mr. Doyle, I think you are wrong in one thing you said, and I just -- it is that --

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Mr. Doyle. I have probably been wrong in many things I have said. I am sure you haven't but.

Secretary Perry. Trust me, and I have been in front --

Mr. Barton. Doyle is a good baseball man.

Secretary Perry. I have been in front of 4 million people before in a debate setting. That was when I could just remember them.

The point is, I hope nobody thinks that I take credit for starting this conversation. You know, Chairman Olson and -- or, excuse me, Congressman Olson --

Mr. Doyle. Okay, you are forgiven for that. But let's just move --

Secretary Perry. I think going on about, this has been, this has been discussed for a long time, as you rightfully said.

Mr. Doyle. Right.

Secretary Perry. I just think it is, and again, I don't want, I don't want the folks in Pennsylvania in your district to be calling you up and saying, Congressman Doyle, why in this --

Mr. Doyle. Our RTO made those adjustments. We are pretty confident about our capacity in Pennsylvania.

Let me ask another question.

Secretary Perry. Pretty confident is not going to get it.

Mr. Doyle. Your predecessor -- You are good at

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filibustering. I want to ask some questions.

Secretary Perry, your predecessor released a report, the Quadrennial Energy Review, finding that the short-run markets may not provide adequate price signals to ensure long-term investments in appropriately-configured capacity. And I do think that that is an issue.

Also, resource valuations tend not to incorporate subordinate network or the social values such as enhancing resilience into resource or in investment decision-making.

So I think the increased importance of system resilience to overall grid reliability may require adjustments to market mechanisms to enable better valuations. I think coal and nuclear needs to have better valuations than it has today.

But I want to ask you, do you think there are any better alternatives, options that should be examined instead of the NOPR?

Secretary Perry. I don't have any idea whether there are any better options. That is one of the reasons we wanted to have this conversation is to bring those up and discuss them. I am not saying that my letter to FERC is the be all to end all, but it has obviously been very successful in getting the conversation going.

Mr. Barton. The gentleman's time has expired.

Mr. Doyle. Thank you, Mr. Chairman.

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Mr. Barton. The chair now recognizes the gentleman from Ohio, Mr. Latta.

Mr. Latta. Thank you, Mr. Chairman. And, Mr. Secretary, thanks for being with us today.

Secretary Perry. Yes, sir.

Mr. Latta. Like you, I believe in promoting American energy security, and that means an all-of-the-above energy policy for the United States. And I would like to take a moment to thank you for your recent actions to start those conversations about energy mix and energy markets. And I would like to now focus on a couple of items of legislation I have been working on.

Mr. Secretary, in addition to the mandatory efficiency standards there is also a voluntary program called Energy Star that identifies those appliances that go above and beyond the federal efficiency standards by allowing them to carry the Energy Star label. This label allows consumers who want ultra-efficient appliances to easily identify which models save the most energy. However, in 2009 the Obama administration shifted the lead role for this voluntary program from the DOE to the EPA. Many have complained that the EPA is the wrong agency to handle what is fundamentally an energy program.

And, Mr. Secretary, do you believe that the Energy Star Program is one that should be led by the DOE or the EPA?

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Secretary Perry. From a scientific standpoint I think that, the question answers itself on its face. It is the national labs that have the scientific ability to look at these programs and actually analyze them in a scientific way reside over at DOE.

Mr. Latta. Thank you. And being that DOE has been setting the mandatory efficiency standards for appliances for 30 years, do you also believe that your agency and not the EPA has that relevant expertise? And going back and talking about what the standards you just said, I assume that would be --

Secretary Perry. Yes.

Mr. Latta. -- that would be yes.

And would you also support legislation that would clearly make the DEO -- DOE the lead agency on the Energy Star Program?

Secretary Perry. You know, that is going to be your call, sir. But it makes abundant sense to me that that would be a good slot for it to reside in.

Mr. Latta. Thank you. And, Mr. Secretary, I appreciate your previous words of support for advanced nuclear technologies. As you may know, in January the House passed my legislation, the Advanced Nuclear Technology Development Act, by a voice vote. And this legislation will help pave the way for American innovators, nuclear engineers, and entrepreneurs to design, develop, license, and ultimately deploy the next generation of

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nuclear reactor technologies. The Department of Energy's Office of Nuclear Energy plays an important role in supporting these potentially break-through technologies in addition to appropriately coordinating with the NRC to assure that those technologies will navigate the NRC's rigorous regulatory approval process.

And, Mr. Secretary, what is your vision for DOE's Advanced Nuclear Technology Programs, and how do you plan to ensure that there is appropriate alignment with the NRC on those advanced reactor licensing activities?

Secretary Perry. We think small modular reactors, advanced reactors are the real way to the future. One of the reasons that we think it is important to support the nuclear industry today is because we have been losing that race, if you will. We don't want to get to the point in the globe where the only people that have the technologies, that have the supply chain capability are the Russians, the Chinese, and/or the Koreans. And that is a concern of mine, that we are headed that direction in this country today because of the lack of support for the civil nuclear power industry.

Idaho National Labs has a substantial project. Hopefully we can see the funding go forward on those small modular reactors and that, you know, ten years down the road people will have looked

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back and said, you know, we made the right decisions about focusing on advanced reactors, and that the country is better served and America takes its rightful place back as the lead on innovation and supply chain, and the brainpower in the nuclear side of the equation.

Mr. Latta. Well, thank you very much.

And, Mr. Chairman, I yield back the balance of my time.

Mr. Barton. I believe you are the first one to actually yield time. So we appreciate it.

The gentlelady from Florida, Ms. Castor, is recognized for five minutes.

Ms. Castor. Thank you, Mr. Chairman. And welcome, Mr. Secretary.

I want to ask you about Puerto Rico because we have never -- and the U.S. Virgin Islands, because in the history of America we have never seen an electric grid devastated to the extent that we have after Hurricane Maria. And as of right now, 84 percent of customers in Puerto Rico are without power, and the U.S. Virgin Islands figure stands at 86 percent in St. Thomas, 88 percent in St. Croix, 100 percent in St. John. And even after Hurricanes Irma and Harvey we saw widespread outages in Florida and Texas and the Gulf Coast.

Yesterday we had a briefing from the Department of Homeland



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Security, FEMA, and the Army Corps of Engineers and they said that under current law in the Stafford Act that all we can do right now is do some repairs. We cannot do what we need to do to build a modern, resilient grid in Puerto Rico and the Virgin Islands. Yet, there are a lot of bipartisan discussions here. It is not contained in this Emergency Supplemental to begin that or change what the Stafford Act says. So what -- we have got to protect the taxpayer. We cannot just rebuild what was there before. We have got to build according to the national laboratory research, your great ISER Group at DOE.

So, oftentimes planning and conversations don't cost anything, or not much at all. Could you go specifically into what conversations you have had already with PREPA, the Army Corps of Engineers, bond holders, what is your plan to build a more distributed grid there with the modern technology that is at our fingertips?

Secretary Perry. Congresswoman Castor, you have just pointed out the real challenge that this country faces in dealing with the territory and the citizens of Puerto Rico. That is a, that is a country that already had its challenges before this storm --

Ms. Castor. Well, they are America. They are American citizens, so it is not a country.

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Secretary Perry. Sure. Excuse me.

Ms. Castor. But could you just detail, since the time is limited --

Secretary Perry. That is the reason I called it a territory, ma'am. I apologize for misstating here and saying country. But the territory had a challenge in front of it already because of the oversight under PERPA --

Ms. Castor. We know that. I just want to -- time is limited, so can we just say --

Secretary Perry. Yes.

Ms. Castor. -- specifically what conversations you have had and what is to come?

Secretary Perry. We have had many conversations about how to deal with this. The challenges are, are real. I can't tell you that there are any quick and fast solutions. Rebuilding it back to where people have power right now is the number one goal, getting that power back on.

Ms. Castor. Has there been an interagency meeting here at DOE or in Washington to discuss this?

Secretary Perry. We have interagency meetings all the time, ma'am.

Ms. Castor. Specifically on --

Secretary Perry. Yes, about this issue.

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Ms. Castor. Okay. Well, I, we, the entire committee and everyone would benefit if you could report back on with greater detail and specificity so that we can be accountable as possible,

And I have to say it is so disheartening to see President Trump state this morning that we cannot keep FEMA and military and first responders in Puerto Rico forever. I hope this doesn't echo across the Administration and the great folks of the Department of Energy and the Congress. I hope, instead, that Vice President Pence's statement would prevail that we are going to be with, with our fellow citizens every step of the way.

So, on the grid resiliency pricing role, a consensus is forming very quickly that this is a very misguided effort. It is not based on science. I know you said before, you know, we can maybe -- we don't know in our hearts, or maybe we can find it in our hearts. Fortunately, when it comes to electricity markets we don't have to rely on what we feel. We have the very best scientists and analysts. In fact, right there in the Department of Energy in your own August grid study they said that the grid right now is reliable, it is strong, it is actually more reliable than ever.

We also rely on the North American Electric Reliability Corporation, NERC. They have said even just recently that the U.S. power system reliability is strong. So there is really,

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there just is no rational basis for this new FERC rule that you are trying to move through as quickly as possible.

And I am concerned especially that the whole discussion about how much this is going to cost consumers and businesses all across the country is being short circuited. We had experts here last week that said we are looking at multi-billion dollar cost increases on our neighbors back home.

And so what is the Department's plan to actually hear from these consumer groups that stand up for our neighbors? We hear a lot from special interests and lobbyists in Washington. But how do you, in your role of representing everyone, --

Mr. Barton. The gentlelady's time has expired.

Ms. Castor. -- give voice to the consumer concerns and these massive cost increases that appear to be on the horizon?

Mr. Barton. The Secretary can answer the question but the gentlelady's time has expired.

Secretary Perry. I can. Ms. Castor if the request, if the letter, the NOPR to FERC is what you say it is, they won't go forward with it.

Mr. Barton. The chair recognizes the gentleman from Illinois, Mr. Kinzinger.

Mr. Kinzinger. Thank you, Mr. Chairman. And, Mr. Secretary, thank you for being here. Thank you for your service.

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And I am really excited you are in the position you are. So thank you for all the good work you are doing.

I think nuclear has been talked about a lot. I am going to touch on it, then I have another question.

You mentioned the decline of the domestic base in terms of being able, international competition with nuclear. And I think that is a point, an important point to reiterate is the fact that, you know, we have always been really the world leader in nuclear. And that is helpful from a national security perspective, too, in terms of nuclear non-proliferation, writing the rules of the road. And that is a base that we are losing.

And I think I was heartened to hear your mention of that and the fact that that is essential, not just to the economy, not just to grid reliability, not just to electricity, but to national security. That is a very important thing.

I also support, I also want to thank you for being supportive of the smart reforms at the NRC. Mr. Doyle and I have the NUKE Act which I think has a lot of support and I really appreciate all of that. It is a very vital part of our economy. Illinois gets a significant power of its energy from nuclear, and the country gets a very significant amount of that, too.

But since that has been hammered a lot, I do want to ask you in the Energy Independence and Security Act of 2007 the Bureau

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of Energy Resources was created at the State Department. It is effectively giving State its own energy office. There is no requirement for State to consult or collaborate with the DOE, and even though DOE has a more technological expertise on energy matters, and especially nuclear matters. Can you describe how DOE and State work together on energy policy and, specifically, can you provide areas that may be improved?

Secretary Perry. I can't.

Mr. Kinzinger. Okay. Because?

Secretary Perry. I am not aware that they even had an energy effort over there. But if they did, you would think they would have contacted us. And if they have, I am not aware of it.

Mr. Kinzinger. That would make sense, wouldn't it.

Can you talk then about maybe your role when it comes to thinks like LNG exports and blunting the Russian energy weapon in Eastern Europe and, you know, pushing back against the blackmail that the Russians can use against our allies?

Secretary Perry. And I will try to be brief here. You have done a good job of basically laying out the facts.

The United States is blessed after the shale revolution of being able to produce. We are a net exporter of LNG as of this year. I believe in two years we will be the net exporter of all U.S. energy, and that is a incredible blessing.

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Mr. Kinzinger. Miraculous.

Secretary Perry. To be able to use that for America's best interests from a weapons standpoint, if you will. When you think about that Russia uses energy as a weapon, then America needs to have the largest arsenal. And so our ability to deliver LNG to whether it is a country like Ukraine, along with coal, to Poland, to the European Union, this is a powerful diplomatic tool of which we need to use wisely to support our allies, and to send a message to those that would use energy as a weapon that we will not be, you know, we will not be allowed to be pushed back with that, and we are going to support our allies.

Mr. Kinzinger. Well, I thank you for that. And I think it is a very important point is I actually think the energy revolution in this country borders miraculous. Ten years ago we thought that we would always be reliant on Middle East energy. And we find basically today that we have way more than we ever thought, and we can access it for a good price and be a swing producer in the world, and blunting energy weapons not just from Russia but all over.

With that I just want to thank you, Mr. Secretary, again for your service, for being here, spending your time. And I will proudly yield back 50 seconds to the chairman.

Mr. Barton. And we have got a good tradition starting here.

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Now we are going to go to Mr. Sarbanes of Maryland for five minutes.

Mr. Sarbanes. I am going to break the tradition so recently established. Thank you, Mr. Secretary, for being here.

The U.S. intelligence community, as you know I think, has drawn a definitive conclusion that Russian hackers were interfering with our elections last year. And I know the President and a fair number of people within the Administration are resisting that conclusion still. But I want to talk to you about the potential exposure with respect to our grid and our energy security that is posed by hackers, by Russian attacks, cyber attacks.

Do you agree that the grid is at risk from cyber attacks from Russian hackers, or other hackers for that matter?

Secretary Perry. Yes.

Mr. Sarbanes. And I will note that back in 2015 the Congress approved the Fixing America's Surface Transportation Act, the FAST Act. That was a bipartisan bill. There were provisions included that Chairman Upton put in there that expanded DOE's authority to counter cyber security threats. And those provisions actually designate your department as the lead agency for energy sector cyber security.

So I would like to, maybe you could speak for just a minute



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or so about what actions you are taking as the lead agency with respect to the cyber threats to our, our energy security and our grid, to give us some confidence that this is getting the attention that it deserves.

Secretary Perry. So over the past year the Department has worked with the entire energy sector, with the national labs, with the federal agencies that are involved with this, with the industries specific to develop a comprehensive strategy and a plan for the energy sector cyber security. The strategy for the energy sector is to leverage strong partnerships with the private sector.

We have got three labs that specifically their role is, and it is called CyberCorps, their role is to focus on these cyber security issues, working with the private sector to strengthen today's cyber systems and risk management capability. And I might add to develop innovative solutions for, for tomorrow.

Mr. Sarbanes. I appreciate that.

I would also appreciate, and maybe we can get this arranged here, I know that the FERC Chairman Chatterjee has agreed to brief members of this subcommittee on efforts to address the report of Symantec, for example, that describes these potential cyber attacks that are happening, or ones that are happening right now. Would you also agree to pull together a briefing of the members of the subcommittee on the reports we have heard of of these

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Russian-linked hackers targeting the electric grid? Is that something you would be willing to do?

Secretary Perry. Yes, sir.

Mr. Sarbanes. Appreciate it. And we will try to, we will try to make that happen.

I want to switch gears real quick. I have got two minutes left. I want to go back to the travel situation, not to beat a dead horse, but because actually I see, I see an opportunity here, given your willingness to address this up front.

I have been chairing this Democracy Reform Task Force. We are actually releasing a report today called Trump's High Flying Cabinet which details what I see as kind of a culture of entitlement among many of the cabinet members in terms of using these private jets at public expense to kind of jet around the country in ways that I think are offensive to the average person out there.

You have spoken to the critique that your agency has received, and that you have received with respect to that. And I appreciate that. And I have to say in the context of the report that the conduct that you have been criticized for is not as egregious as most of the rest. That may be damning you with faint praise, I don't know. Or perhaps in the land of the ethically blind the one-eyed man is king, or something like that.

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But I did want to speak to the fact that I think in the last couple of days the acting head of the Office of Government Ethics sent a memo around to agency heads. Did you receive this memo which talks about the role of agency leaders in promoting an ethical culture? Is that something you are familiar with?

Secretary Perry. I don't know. We will look and see, sir.

Mr. Sarbanes. All right. Well, I commend it to you.

It says, among other things, as a leader in the United States Government, the choices you make and the work that you will do have profound effects upon our nation and its citizens. And the citizens deserve to have confidence in the integrity of their government.

I am Greek-American. I always invoke my Greek heritage. There was an ancient Greek philosopher named Diogenes who wandered around in the daytime with a lantern looking for the honest man.

Mr. Barton. The gentleman's time has expired.

Mr. Sarbanes. You could be the honest man here. You could start a cultural revolution within the Administration that says we are going to pay attention to ethics. I encourage you to do that.

Mr. Barton. The gentleman's time has expired.

Mr. Sarbanes. And I thank you for your testimony.

Mr. Barton. The gentleman's time has expired.

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The chair now recognizes Mr. Griffith of Virginia for five minutes.

Mr. Griffith. Thank you very much. It is never a bad thing to be compared perhaps with Diogenes. So I think that was a veiled compliment. And I look forward to you striving to meet that challenge.

I have to tell you I think you are doing a good job here explaining things this morning. And I agree with most everything that you have said. Particularly, I have to say that I agree with your proposed rule related to making sure that we have those facilities available that have fuel on site, coal and nuclear. Those facilities are resilient in case of emergencies like we had with the polar vortex a few years ago.

And it is almost like we have forgotten that natural gas, while it never completely shut down, the price went from \$3.00 to \$4.00 100 cubic feet or 1,000 cubic feet, to over \$100. And many places had to shut down jobs and et cetera because they couldn't afford to pay that price because supply didn't keep up with demand. And I think it is important that we remember that. And I think what you are doing to make sure that things are there are very important.

As you said to Congressman Doyle, pretty confident, just won't get it. If something happens it is going to be, you know,

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folks looking to you to say, why didn't you do something? And I appreciate you trying to do something in advance of a problem. I appreciate that.

Earlier this week the EPA Administrator announced the agency's proposed repeal of the Clean Power Plant. The rule represented an unprecedented intrusion into the states' control over their energy policy, threatened to raise rates, impact grid reliability, as well as harm energy-intensive and trade-exposed industries. Under this rule the EPA was basically establishing the nation's de facto energy policy.

Yes or no, wouldn't you agree with me that that is your job at the Department of Energy to establish the nation's energy policy?

Secretary Perry. Yes.

Mr. Griffith. Thank you.

Secretary Perry. Well, let me --

Mr. Griffith. I am kind of --

Secretary Perry. -- filibuster just a second.

Mr. Griffith. All right.

Secretary Perry. Yes; working with Congress.

Mr. Griffith. Well, and I appreciate that.

As Secretary will you commit to challenging other federal agencies if their rules and regulations raise energy prices, limit

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energy production, or otherwise impact the Department of Energy's prerogatives in national energy policy? Yes or no.

Secretary Perry. Yes.

Mr. Griffith. Thank you.

In addition to the Clean Power Plant, the past Administration's EPA issued standards for new power plants that effectively mandated carbon capture sequestration coal generation even though, as the committee's oversight showed, the technology was not yet truly viable for commercial power generation. Yet, the previous EPA barreled forward with an unworkable rule.

I think DOE has the appropriate expertise to collaborate with the EPA on technology decisions affecting the energy sector. Would you agree with me on that? Yes or no.

Secretary Perry. Yes.

Mr. Griffith. And what role -- now I am going to let you answer however you want to -- what role do you see for the DOE to ensure future EPA rulemakings reflect appropriate assessment of the true commercial viability of technology?

Secretary Perry. There is a good working relationship between the cabinet members and their agencies. And I think you bring a good point that we don't work in silos. And then we should be looking for partners in different places so that, number one,

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we are not duplicating something that is going on in another agency, but there is also some synergy that can come from that.

And I will give you one example. And excuse me for kind of diverting here. But the Department of Energy is standing up an Office of Veterans' Health. We are working with the VA, with the Health and Human Services, and with DoD through DARPA. And Mr. McNerney, Congressman McNerney has been a strong advocate for the VA and for the veterans in particular. Not necessarily the VA but for the veterans. And that is a great example of how we can talk to each other, coordinate with each other, and come up with a better product for the people of this country, whether it is on innovation, whether it is on energy policy, or for that matter just how we take care of our veterans.

Mr. Griffith. Well, I think that was one of the problems that, one of the frustrations that I had with the prior administration is oftentimes I would agree with the Department of Energy, even in the prior administration, but the actions of the Environmental Protection Agency prevented us from getting places. So when they pushed on one technology like carbon catch and sequestration, which I am not against but let's make sure it is viable, they basically tabled a lot of other things like, one of my favorites, chemical looping.

I know DOE was putting money into it, which I encourage you

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to continue to do, but at the same time EPA wasn't really looking in that direction. And I think it created a situation where we had two different agencies going in different directions. So I would encourage you to work with your colleagues and let's all row in the same direction and we can get more done for the people of the United States of America.

Thank you so much for being here today.

Secretary Perry. Yes, sir.

Mr. Griffith. And with that, Mr. Chairman, I yield back.

Mr. Barton. The gentleman yields back. The chair recognizes the distinguished gentleman from Vermont, Mr. Welch.

Mr. Welch. Thank you very much. Thank you, Mr. Secretary.

One of the areas of bipartisan effort has been on performance contracting. And I know you have made some remarks, energy saving performance contracts. That is a promising area because it doesn't burden on regulations. It is not regulatory-dependent, and very much a partnership with the private sector.

You are going to be developing, or the Administration is, an executive order that will be released in the coming weeks. And I just want to really make sure that you will do everything you can to make certain that the performance contracting is embedded in it. That is something that colleagues on this committee have worked on. Mr. Mulvaney, when he was here, worked on it. Just



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a quick comment, some reassurance on that.

Secretary Perry. Yes, sir. You can expect both myself and I think other members of the cabinet, along certainly with Nick.

Mr. Welch. Will you set some goals, targets? We had a significant ambitious target in the Obama administration.

Secretary Perry. Yes, sir.

Mr. Welch. We need a target to reach.

Secretary Perry. Yes. I don't know whether there will be, you know, numerical targets or not. But certainly the concept and we will push forward the --

Mr. Welch. I would like to follow up --

Secretary Perry. Yes, sir.

Mr. Welch. -- with the Administration on that.

Secretary Perry. Absolutely.

Mr. Welch. And I think a lot of us would like to work together with you on it.

Secretary Perry. Yes, sir.

Mr. Welch. The second thing, Mr. Latta was asking you about Energy Star. And, again, many of us have bipartisan support for that. And there is this question about whether there should be some changes. And your department has some responsibility. EPA has some responsibility.

What are the responsibilities in the EPA that would not be

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done if in fact everything is turned over to DOE?

Secretary Perry. Well, I am not sure that there would be anything that would be lacking.

Mr. Welch. Well, they have jurisdiction over some things. You have jurisdiction over others. What do you have jurisdiction over that overlaps --

Secretary Perry. What I thought you were saying is, you know, if they were all consolidated into the Department of Energy what, what would get discarded? And I am not sure anything would necessarily get discarded other than a lot of bureaucracy.

Mr. Welch. Well, but I get it on the bureaucracy. And less is better. I am with you on that.

Secretary Perry. Right.

Mr. Welch. But the functions that have to be performed that now are done by the EPA with respect to maintaining the Energy Star Program. So my question is how would your agency meet those requirements?

Secretary Perry. Any requirement that requires a scientific, scientific look where you are taking and -- and then that is going to be at DOE obviously.

Mr. Welch. Here is what I will ask. With bipartisan support on Energy Star, we want to make it strong. If there is going to be a discussion about having it all be done in one place

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versus two, we have got to make certain that the integrity of the program is maintained. I would like to work with you on that. Okay?

Secretary Perry. Well, here is how I will finally address this. You make the rules and we will follow the instructions of Congress.

Mr. Welch. All right. Thank you.

Mr. Barton. Would the gentleman yield just --

Mr. Welch. Sure.

Mr. Barton. We are going to do a DOE reauthorization bill. And we are trying to make it bipartisan. And if that happens, your suggestions will be seriously considered from this side, I guarantee you.

Mr. Welch. I appreciate that. Thank you very much.

Another issue here is this proposed rule that was going to focus on coal and nuclear, I get that. But it is expensive according to the study, so about 800 million to 3.2 billion a year. And this isn't exactly your area of concern but it is the concern of many of us on the committee, including Mr. McKinley and Mr. Griffith, the coal miners have been hammered. And they lost their healthcare. And we took steps in Congress to address that. But they have lost their pension.

And if we are talking now about spending 800 million to 3.2

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billion a year for the coal companies but we don't address the pensions that these miners have earned going into those mines day in and day out, many of them for 30 years, and the pensions are like 540 bucks a year, where is the justice in that?

Secretary Perry. Mr. Welch, one of the things that I can share with you is that if, if for whatever reason the companies that are still being able to hang on by their, by their literal fingernails go under, then the pensions that those companies have, the healthcare that those companies are putting forward today will just exacerbate this problem even more. But that is not the main reason we are talking about what we are doing with the 403. The main reason we are talking about doing this with the 403 is for the resiliency and the reliability of the grid.

Mr. Barton. The gentleman's time has expired.

Mr. Welch. Thank you.

Mr. Barton. The chair now recognizes the gentleman from Ohio, Mr. Johnson.

Mr. Johnson. Mr. Secretary, thank you for being here today. You know, we call you several titles: Mr. Secretary, Governor. And a lot of folks don't realize that long before that you wore another title, you were an Airman. And as an Air Force veteran I want to thank you for your service. And I look forward to working with you to advance your concern for our nation's heroes and our

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veterans. That is important.

You know, as you know, Mr. Secretary, eastern and southeastern Ohio is blessed with a wealth of resources, energy resources from the abundance of coal, oil and gas, and critical nuclear technologies. And it truly has every major resource to supply our state and our nation with the energy that we need. So we are well positioned to advance the idea of energy dominance and making the Appalachian corridor all that I know you and the President, the Administration want it to be. So I look forward to working closely and following closely FERC's work regarding your recent request relating to the power markets.

These are complex issues surrounding the power markets. And FERC has been looking at these power issues, power price issues for some time now, especially with an eye toward grid stability. And I think encouraging the Commission's continued work in that regard and on those issues is very helpful.

I also want to thank you for your recent visit to Piketon, Ohio. As you know, Piketon is home to a highly-skilled workforce. You talked about workforce in your, in your comments today, that workforce being capable of operating critical domestic uranium enrichment technology. And the cleanup efforts underway there at the former Portsmouth Gaseous Diffusion Plant is equally important to repurpose that property to make it another job

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creator for southern Ohio.

So I look forward to working with you on those issues, specifically ensuring that America has the domestic enrichment capability to meet our national security needs, along with keeping the cleanup operations on track.

Now, Mr. Secretary, I would like to discuss energy exports. As President Trump has made that a clear priority with his energy dominance agenda, encouraging exports, whether that is coal, natural gas, or nuclear technology is crucial to ensuring these energy industries remain a vital component of our domestic economy, along with strengthening our geopolitical ties. And I don't have to remind you that DOE plays a critical role in the vitality of America's civil nuclear industry's engagement in international commerce through what is known as the Part 810 process.

Energy and Commerce, this committee, has long recognized the economic and national security value of a strong American president -- presence in these foreign markets. The previous administration initiated some targeted process reforms which I understand are still being implemented. So, do you, Mr. Secretary, acknowledge the critical importance of maintaining our American presence in international civilian nuclear markets? And will you provide your commitment to implementing further

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efficiencies in the Part 810 approval process?

Secretary Perry. Yes, sir.

Mr. Johnson. Okay, great.

Additionally, under your leadership DOE -- and we talked a little bit about this, you partially answered this question already -- under your leadership DOE has approved multiple LNG export applications. In your view, what should Congress do to ensure the U.S. cultivates and maintains a leadership role in LNG exports? And are there any barriers to LNG exports that should be addressed and we focus on?

Secretary Perry. Well, obviously the ability for the United States to be a leader in exporting LNG, the jobs, the economic impact that it has. Certainly in your area of the state where you are sitting on top of -- I suppose your part of the state still has part of the Marcellus and --

Mr. Johnson. All of it.

Secretary Perry. -- Utica underneath that. And so, coming from a state that has been blessed with an extraordinary amount of gas, other areas, and there may be places, Mr. Tonko's, who we don't even know yet as we have identified. I mean I go back to ten years ago there was a guy making a pretty good living the peak oil speech, that we had found it all and that we didn't -- well, maybe, maybe not. But the point is being able to send

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that gas around the world, as I said earlier.

I won't repeat all that, but it is incredibly important from a domestic economic standpoint and from a global national security standpoint --

Mr. Upton. The gentleman's time has expired.

Secretary Perry. -- to have that out in the market.

Mr. Johnson. Thank you, Mr. Secretary.

And thank you, Mr. Chairman. I yield back.

Mr. Barton. I now want to recognize the gentleman from New York, Mr. Tonko, for five minutes.

Mr. Tonko. Thank you, Mr. Chairman. Thank you, Secretary Perry for joining us at the subcommittee.

Earlier you were asked about the ARPA-E program. I just want to understand your answer clearly.

Secretary Perry. Sure.

Mr. Tonko. Do you oppose the elimination of the program?

Secretary Perry. I am sorry, which program?

Mr. Tonko. ARPA-E.

Secretary Perry. ARPA-E. No, sir. I think I made, I hope I made pretty clear in my remarks that I think the ARPA-E program has its place. Does it need to be restructured? And Chairman Barton and I are in conversation about that at this particular point in time.



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But, you know, is it called ARPA-E, is it called something else? I will let --

Mr. Tonko. Do you disagree that it should not be eliminated -- Do you think it should be eliminated?

Secretary Perry. Here is what I agree with. I agree that innovation is the real lifeblood of this country and government does have a role in making sure that --

Mr. Tonko. Thank you.

Secretary Perry. -- technology gets to the commercialization standpoint, and government plays a role in that.

Mr. Tonko. Okay. It is a beneficial program to districts like mine. And I would hope that we would grow it, not reduce it or eliminate it.

Secretary Perry. Yes, sir.

Mr. Tonko. It is clear that many members have both substantive and process concerns with your recent Notice of Proposed Rulemaking. It was reported that you said the Obama administration had its thumb on the scale of energy markets to the detriment of base load industries. Could you provide examples of what you mean by that?

Secretary Perry. Yes, sir. What I mean was is there is clear -- and, listen, administrations get elected and, you know,

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elections have consequences. And for eight years President Obama was the President of the United States and he had a clear, philosophical --

Mr. Tonko. Examples. Examples so we can get right to that.

Secretary Perry. Yes, sir. Whether it was putting money into clean energy programs, whether it was putting money into batteries. Sometimes they were --

Mr. Tonko. Clean energy programs.

Secretary Perry. -- good procedures, sometimes they weren't. I am going to suggest to you Solyndra wasn't a good idea. Maybe that one wasn't a place that -- So it is about using good, thoughtful processes. It is the reason I created when I was back in the State of Texas the program --

Mr. Tonko. The examples again. The examples.

Secretary Perry. I just gave you one, the --

Mr. Tonko. But others?

Secretary Perry. Whether the clean energy across the board.

Mr. Tonko. Are you talking about renewables?

Secretary Perry. I am talking about clean energy. We can -- I will tell you what I will do, I will try and get you a list of all of those programs and do that.

Mr. Tonko. Okay. Did it include renewables?

Secretary Perry. Well, if you consider battery technology

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a renewable, yes, I guess it would.

Mr. Tonko. But renewable power itself: ITCs, PTCs?

Secretary Perry. I am not sure what you, what you mean by, by that.

Mr. Tonko. Well, the Investment Tax Credits or Production Tax Credits; are you upset with that? Is that a thumb on the scale?

Secretary Perry. I am not upset with them. I just think it is a conversation we need to have so that --

Mr. Tonko. But is it an example of what you mean about the thumb on the scale?

Secretary Perry. I am talking about when, when you are sending clear messages through, whether it is the EPA or whether it is through the DOE that these are the programs, these are the places that we want the Administration to expend dollars. I will be more than happy to try to get you a list --

Mr. Tonko. So were ITCs and PTCs part of that then?

Secretary Perry. Have they been used as a way to influence the market? Yes.

Mr. Tonko. Well, weren't they passed by Congress?

Secretary Perry. That doesn't mean everything that Congress does I agree with.

Mr. Tonko. Okay. Well, you are crediting the -- or

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pointing the finger at Obama administration. But I would suggest that they were authorized by this Congress, a Congress in 2015 when your party was in control, so.

But if you can get us a list of those, please.

Secretary Perry. I think that would probably be a better way to do this.

Mr. Tonko. All right. Do you agree with the, with the DOE assessment that distribution systems are responsible for over 90 percent of total electric power interruption?

Secretary Perry. Ask the question again.

Mr. Tonko. Rather than lack of generation. Do you agree with that report?

Secretary Perry. That 90 percent of?

Mr. Tonko. Of interruptions were caused by distribution systems rather than lack of generation?

Secretary Perry. I don't know the details of the report about all the ways that it was studied. I think the idea to be making a --

Mr. Tonko. Okay.

Secretary Perry. -- black or white, yes or no decision on that question is the --

Mr. Tonko. Well, let me ask this then. What factors did you consider when deciding that it would be more cost effective

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to support specific types of generation to enhance reliability rather than shooting right out and improving infrastructure?

Secretary Perry. I think the cost-effective argument on this is secondary to whether or not the lights are going to come on. And I think it is really important for --

Mr. Tonko. Did you measure costs to the consumer when you did these, because that would be important?

Mr. Barton. That has to be the last question. The gentleman's time is expired.

Mr. Tonko. Can he answer the question?

Secretary Perry. I think you take cost into account. But when it comes to, you know, what is the, what is the cost of freedom? What does it cost to build a system to keep America free? I am not sure I want to just put that straight out on the free market and say, okay, whoever can build the cheapest delivery system here to keep America free, that is the same argument I make on the energy side.

Mr. Tonko. But my businesses and manufacturers are upset about the cost to them of your proposal, so.

Secretary Perry. Well, I am concerned about a citizen that is calling you up and saying, Why did you not address this issue when we had the opportunity to in 2017.

Mr. Barton. The gentleman's time has expired.

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Secretary Perry. The electricity in my house is not on. My family is freezing to death.

Mr. Barton. Mr. Secretary, the time to answer has expired.

Mr. Tonko. Thank you, Mr. Secretary.

I yield back.

Mr. Barton. All right. We want to go to the gentleman from College Station, Texas, Mr. Bill Flores, for five minutes.

Mr. Flores. Mr. Secretary, it is great to see you.

Secretary Perry. The senior class of Texas A&M.

Mr. Flores. That is right. I am thrilled that President Trump picked a fighting Texas Aggie to serve in your position. So I am honored to have you here today.

Secretary Perry. Thank you, sir.

Mr. Flores. I will give you an example that you have used to respond to questions like the one you just had when you were badgered a few minutes ago. Australia had a large blackout. It started out as a weather-induced incident. But what they quickly found out is they had an imbalance in their grid. They didn't have sufficient base load capacity to back up their wind capacity, and as a result several million people were without power for quite a long period of time. So that is something that you can use to talk about what you are trying to prevent with your order to FERC that I think would be helpful.

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I would like to move on to NAFTA for a minute. As you know, NAFTA has created a robust energy trading market between the U.S., Mexico, and Canada. And in particular, following Mexico's liberalization and privatization of their energy business we have had a huge increase in energy flows across the border, particularly between Texas and northern Mexico. And this has resulted in a trade surplus to the United States, or for the benefit of the United States.

I am concerned that the U.S. Trade Representative is making proposals with regard to NAFTA that would short circuit those gains that we have had in terms of our ability to export energy to Mexico. And so I was going to ask you, my question is this: are you consulting with the Administration, particularly with the U.S. Trade Representative, about making sure that we get NAFTA 2.0 done correctly so that we have a robust energy market with energy and Canada?

Secretary Perry. We are, Mr. Flores. And I have been in direct contact with Pedro Joaquin Caldwell, my counterpart in Mexico, as well as Jim Carr, my counterpart in Canada. And just we are going to have a trilateral meeting in Houston the 13th through the 15th of November to discuss this and other issues, particularly a North American energy strategy. We think it is really important that this -- actually Western Hemispheric, but

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in particular the North America region is as attached to the hip as we can be, and supporting each other, and developing an energy strategy that will take care of us for a while.

Mr. Flores. Particularly I am pleased to hear that you are going to stay engaged in that process because I think it is important for the United States as a whole, and Texas in particular.

I really like the approach of energy dominance that you and the Administration have adopted. And it has huge geopolitical implications as the United States becomes energy secure. A great example is Lithuania. I mean they have a ship there called the *Independence*. Imagine that name, *Independence*. And they use it to liquify LNG that is imported from around the world, but particularly from the United States. That has changed Lithuania from being dependent on Russian gas to being a net energy supplier to its Baltic neighbors. I think that has huge implications geopolitically.

So I appreciate your efforts with the Administration to come up with this idea of energy of energy dominance.

But moving on, how has this new age of energy abundance benefitted our global competitiveness and allowed us to position ourselves as a global energy superpower?

Secretary Perry. Well, the short answer is in the next 24



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months the U.S. will be a net energy exporter in totality. That is both crude and which Chairman Barton carried that piece of legislation, too, and I am sure you supported it, allowing us to be the economically -- that is a powerful issue. And then, obviously, the geopolitical side of that when it comes to supporting our allies and getting them some options to other sources of energy. It is going to speak volumes about America's role in global issues going forward.

Mr. Flores. I have a couple of other questions I will submit for the record in the interest of time.

[The information follows:]

\*\*\*\*\*COMMITTEE INSERT 7\*\*\*\*\*

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Mr. Flores. But I do have one final question.

Recently the House passed H.R. 2910, which is one of my pieces of legislation, called Promoting Interagency Coordination for the Review of Natural Gas Pipelines Act which improves FERC's permitting process, or FERC's role in the permitting process. Do you agree that it would help to have one agency acting as the lead agency for the purposes of coordinating the various environment reviews for pipeline construction?

Secretary Perry. I will put on my previous hat as a former governor of Texas. It would make abundant good sense to, you know, always keeping the people's needs and the safety and environmental issues paramount, but to find more efficient, effective, streamlined ways to permit projects is going to help this economy. There is nothing that we did in the State of Texas that sent a more powerful message for economic development than having a stable permitting and regulatory climate.

Mr. Flores. That is great. Thank you for being here today. It is great to have you as our lead cabinet witness.

I yield back the balance of my time.

Secretary Perry. Thank you, sir.

Mr. Barton. The gentleman's time has expired. And we now recognize the gentleman from Iowa, Mr. Loeb sack, for five minutes.

Mr. Loeb sack. Thank you, Mr. Chair. Great to have you, Mr.

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Secretary, today. I am really glad that you are here.

I have learned a lot being near the end of the dias here. I get to listen to a lot of questions and hear the answer.

Secretary Perry. Me too.

Mr. Loeb sack. First of all, thank you for your service and your commitment to veterans. I have a couple of my own children, one who is going to be deployed any minute now to Kuwait. So thank you very much, I appreciate it.

I liked what you said at the outset, too, that our national security depends upon our energy security. There is no question about that, whether we are talking about oil imports or whatever the case may be. And so I do appreciate that, that comment. And you have talked about diversity, including wind, solar, a variety of different -- it is kind of the all-above, all-of-the-above approach.

I am from Iowa, and while in the aggregate Texas does have more wind energy output than Iowa does, percentage-wise, as you mentioned, --

Secretary Perry. Right.

Mr. Loeb sack. -- Texas about 12 percent, and Iowa is about 37 percent.

Secretary Perry. Yes, you do a great job.

Mr. Loeb sack. And we are moving up all the time.

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And in your confirmation hearing you said, and I quote, "if confirmed, I will advocate and promote energy in all forms, and that certainly includes renewables." But then just last week EPA Administrator Pruitt attacked these provisions by saying that he would like to see them eliminated.

And I quote what he said, Secretary Pruitt again, "I would do away with these incentives that we give to wind and solar."

You know that the production tax credit for wind, the investment tax credit for solar have really driven billions of dollars into rural America in particular. And I represent 24 counties in southeast Iowa. I visited a new wind farm that MidAmerican is putting up just recently. And it has helped consumers, of course, save money, created all these new jobs.

Just a very simple question, yes or no. Do you agree with Mr. Pruitt that we have got to end these programs, these incentives that we are giving to wind and solar?

Secretary Perry. I can't give you a yes or no. I can give you, refer you back to what I said about my children earlier. There is a place for these subsidies as we build innovation and we commercialize it. There is some point that you say you are on your own. You can stand or fall on the market.

And I would suggest to you that both the solar and the wind industry is approaching that very mature stage. You can't on one

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hand say, you know, we are this clear deliverer of a base load of energy; oh, but we need to be, continue to be treated like we were when we were not that mature. So finding the, finding the balance there and finding the right time to say, you know, you are mature enough; out the door.

Mr. Loeb sack. Well, I will say that rural America is hurting big time, and these investment tax credits for solar, and production tax credits for wind has been really, those have been very, very wonderful for rural America, for our farmers, and for clean, renewable energy, and also for making sure that we are secure in the energy sector, and that is national defense as far as I am concerned.

I really was hoping that you could give me a yes or a no whether you agree with Secretary Pruitt or not.

I would like to mention the Renewable Fuel Standard, too, if I could. Again, you know, I think it is about 25 percent of our oil that we actually import. I think half of that comes from an area where my stepson is being deployed as we speak. And it was very disappointing, I think, for a number of us in states that really do produce a lot of ethanol and biodiesel. Especially when it comes to ethanol it was very, very disheartening for us to see that the volumes were reduced when it comes to ethanol with respect to the EPA's proposal for next year.

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And this is a bipartisan concern, you know. We have had our senators from Iowa speak out about this, and they are Republican. I am the only Democrat from the State of Iowa. We are united on this. And so I guess I want to ask you, I mean, do you believe that there is a real commitment from this Administration to the Renewable Fuel Standard? Or are our fears to be confirmed that this Administration is backing off on that commitment?

Secretary Perry. Well, I would refer you to the remarks that the President has made about Iowa and Iowa corn growers and ethanol. He has made it abundantly clear to me -- I can't speak about any of the other cabinet members -- but he has made it abundantly clear to me that he is supportive of it.

Mr. Loeb sack. I can just say this, and look, I mean the President has said a lot of things on a lot of different issues, and not always consistent from day to day, minute to minute, or month to month, and so that is, I think, a big part of why we have a lot of concerns in Iowa about the commitment of the Administration to the Renewable Fuel Standard.

Secretary Perry. Yes, sir. I will leave that argument to some other folks. I just know what he said to me.

Mr. Loeb sack. Do you have commitment yourself to the RFS?

Secretary Perry. I think the, I think exporting American energy is where our focus needs to be.

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Mr. Loeb sack. I do believe, no offense, but I do believe we have to make sure that we are not so dependent upon energy --

Secretary Perry. That is right.

Mr. Loeb sack. -- being brought in from the outside.

Mr. Barton. The gentleman's time has expired.

Mr. Loeb sack. Thank you, Mr. Secretary, I appreciate it.

Secretary Perry. Yes, sir, thank you.

Mr. Barton. I want to announce we have got about three more members. And we have got lunch in my office, which is like 30 seconds, if you and your staff have the chance --

Secretary Perry. Great.

Mr. Barton. -- to come down and eat as soon as we get through. I know you all are on a tight schedule, but I think it is Texas barbecue, so it might be worth coming by.

The gentleman from North Dakota, Mr. Cramer, for five minutes.

Mr. Cramer. Thank you, Mr. Chairman.

I am from the very north tip of Texas. I am the only member, it is hard sometimes to be among all these Texans who stick so closely together, but I am proud to be part of the same, same cult, I suppose you could say.

I cannot tell you how much I appreciate you being here and how refreshing you are to listen to, Mr. Secretary. It is very

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impressive. And I love the fact that you have taken center stage on all things energy, realizing there are lots of other agencies that have the energy nexus clearly. But you are providing real leadership, and I appreciate that.

And I especially appreciate your references earlier to the importance of the intellectual value chain of all things nuclear. I don't think that can be overstated, so thank you for that. And for the fact that we have acquiesced as a country much of our leadership on nuclear, including the enrichment of uranium. So thank you for that.

I want to focus a little bit back on, and want to say thank you for, for your leadership on for searching for a way to properly compensate the inherently more reliable, most reliable sources of base load electricity. I never cease to be amazed by how little regard there is for having lights on 24 hours a day, 365 days a year around here. I mean, sometimes I worry, Mr. Secretary, that it will require a crisis for some people to remember how important coal and nuclear are. Thank you for focusing on that.

It is entirely appropriate for FERC to take a look at this and give it appropriate value. In fact, I find it rather offensive that some people suggest you are putting a thumb on the scale, when the reality is you are just rebalancing the scale.

Secretary Perry. Good point.



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Mr. Cramer. I mean how, where have people been for the last several decades who suggest that somehow we are manipulating markets? The whole idea of RTO is just to manipulate markets. That is why we have RTOs. It is not a free market. From the subsidies, through the tax code, through DOE grants and loan programs, all the way to public utility commissions in states who have mandates based on portfolio standards, those are all manipulations of markets. Your responsibility is right: make sure the lights stay on. So I appreciate that focus.

With that in mind I am going to ask a couple of questions. And I don't need you to answer them today, but I am hoping you can get back to me on it.

In the proposed Grid Resiliency Pricing Rule, resources that are subject to cost observance or state regulation, state and local regulation, are excluded. And I would like to get an explanation as to why.

And I am wondering if what you meant was only those sources that don't participate in a FERC-regulated wholesale market? Because in North Dakota, where I was once an energy regulator, we have these, all of our utilities are virtually, you know, they are either, obviously they are either under regulation or they are under regulation by their ownership in the case of the rural electric cooperatives. But they are all subject to rate

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regulations of some sort. And I want them to be afforded the same economic benefits as a merchant generator, for example. So that is one area I would like to explore a little bit with you later.

I also wonder about the 90-day fuel supply. And I say that because in North Dakota all of our generators are at mine mouth. They are all, all but one small one, literally co-exist with the coal mine itself. So while they may have a 30-day pile next to the plant, the plant is next to the coal mine and there is an 800-year supply. I am wondering if there is not some adjustment that could be made to understand that.

With my remaining minute-and-a-half, though, I want to get to, I need to address something that has been said a couple of times by my friends on the other side of the aisle. They have referenced NERC, as though somehow NERC doesn't support what you are doing. And I pulled up some comments from the NERC, from the NERC folks, specifically the CEO, regarding the concerns that were raised with your, with your order. I am just going to quote a couple things:

"Higher reliance on natural gas exposes electric generation to fuel supply and delivery vulnerabilities, particularly during extreme weather conditions." This is from NERC now.

"Maintaining fuel diversity and security provides best assurance for resilience."

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"Premature retirements of fuel secure base load generating stations reduces resilience to fuel supply disruptions." This is not just simply, you know, your heart speaking, this is your experience speaking, and this is NERC's CEO speaking.

Here is another direct quote from him:

"Coal-fired and nuclear generation have the added benefits of high availability rates, low forced outages, and secured on-site fuel. Many months of onsite fuel allow these units to operate in a manner independent of supply chain disruptions."

You are entirely appropriate and right to challenge FERC with this lest we let emotions dictate our policy.

So, with that, as my time runs out thank you for your service, and I look forward to following up on the rest of this.

Mr. Barton. The gentleman's time has expired.

Last but not least, the gentleman from Michigan, Mr. Walberg, for five minutes.

Mr. Walberg. Thank you, Mr. Chairman. And I assume the invitation for lunch in your offices goes for us, too, that have stayed to the end.

Mr. Barton. Excuse me?

Mr. Walberg. I was just asking, Mr. Chairman, I was hoping that your invitation to lunch was included for us as well.

Mr. Barton. Well, sure.

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Mr. Walberg. Especially since we stayed all the way to the end. But let me just --

Mr. Barton. We may have to do the loaves and the fishes, but all the members that are here, including my good friend Bobby Rush, are welcome to come to my office. And we will make due with whatever is there.

Mr. Walberg. Mr. Chairman, you are taking my time right now. But --

Mr. Upton. I will reset the clock.

Mr. Walberg. Thank you.

Mr. Secretary, thank you for being here. And those of us who sit this far to the end of the dias oftentimes it is difficult to sit this far to the end of the dias to listen to what is going on, but you have been very refreshing today. And the fact of your candor and your willingness to not let issues like climate change, like the issues of regulatory concerns get in the way of a whole understanding that we still have to do what we have to do for our people.

And we can debate all these issues, and they certainly have worthiness of debate, but in the end we have to provide the power to keep the lights on and keep, keep grandma and, oh by the way, me warm as well in my house. So, thank you for that.

And I also appreciate your humility, even admitting

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mistakes. I sat next to you the morning after those mistakes at a breakfast of supporters of you, and appreciate the fact that you are here right now. Thank you for your work.

I represent a district in Michigan that has all of the above in energy production and use. We make things that go into renewable power and ship those around the country. We have the largest coal-fired plant in North America sitting on Lake Erie in my district. We have Fermi 1, 2, and we also have the license for Fermi 3. And it discourages me that Fermi 3, right now the license is there, the utility is not really thinking about using it at this point in time because of economics and politics.

And so I would like your comments on that. I appreciate your position that you have laid out so far on nuclear energy and how it relates to our entire life here in the United States and security. But what about that? I mean, should we hold these, these plans in abeyance? Are we going to have the opportunity for nuclear power to be used and to be competitive? Or do we just have a license and assume that it is uncertain?

Secretary Perry. I think it is, thank you, sir, it is important to talk about nuclear energy as part of our portfolio. It doesn't play a more important role than fossil fuel, or wind, or the others. I think having a healthy, having those sectors all be healthy is really important.

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And I don't think anyone would argue right now that nuclear energy is healthy. It is not. And it is not because of the regulatory burden that has been on place, the political burden that has been put on place -- in place. And I think for our future security, both energy security and our national security, to have that industry be healthy is very important. That means having a supply line of both the products that go into those, the hardware if you will, and the intellectual capital that comes from the young men and women that are going into the university pipeline at this particular point in time to be nuclear energy engineers, et cetera.

So what is next I think is one of the important questions. Just like looking over the horizon and seeing the future of, maybe not too clearly because it is opaque in a lot of ways when it comes to trying to decide or know what is going to happen from a weather phenomenon when we talk about why it is important for us to have that solid and resilient grid.

But the same is true on the nuclear side. Look over the horizon and see what is new. That is what your national labs are involved with, and partnering with the private sector so that we, you know, whether it is small, modular reactors. And when you think about the challenges, Mr. Rush, that we have in Puerto Rico today, it would seem to me that if we had a small, a cadre of small

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modular reactors that we could have air-lifted down there and to have plugged in and to make a difference, maybe that is the kind of planning we need to be talking about as a country.

So, you know, and it is not just in an island environment like the citizens of Puerto Rico find themselves, but in a host of different ways, whether it is, you know, events around the world where America can participate. But having this nuclear energy industry healthy again -- and I haven't even mentioned the part about our role in keeping America safe from the standpoint of having a nuclear weapons arsenal that is safe and modern. And that is going to only occur if we have the bright, young minds that are coming up through the nuclear programs to populate those positions.

Mr. Walberg. Well, thank you, Mr. Secretary. And keep speaking the truth in a realistic fashion as you do about energy and its needs. Thank you.

Secretary Perry. Thank you, Mr. Walberg.

Mr. Barton. The gentleman's time has expired.

Before we excuse you, Mr. Secretary, one last question and quick answer. How many Senate-confirmed people do you have in DOE right now?

Secretary Perry. Not enough.

Mr. Barton. Your staff is holding up three fingers.

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Secretary Perry. Yes. That is why I say not enough.

Mr. Barton. Do you know how many are yet to be confirmed?

Secretary Perry. Not that you have ever had to wait on the Senate before. If there is anything that you all can do to kind of --

Mr. Barton. But you have got three, and probably 10 or 12 are waiting to be confirmed?

Secretary Perry. At least. Yes, sir. I don't know what the numbers are, but.

Mr. Barton. The chair recognizes the gentleman from Illinois for one brief question.

Mr. Rush. On brief question.

Mr. Secretary, my office has been working closely with the Office of Economic Impact and Diversity on efforts to increase diversity in the energy sector. What is the future of that office under your administration, the Office of Economic Impact and Diversity?

Secretary Perry. Mr. Rush, it is there and the will of this committee and the will of Congress is going to be where, you know, I am going to take my instructions from you and from the members of this committee and from the Senate. It is there. I would suggest to you it is functioning properly and it will continue to get the attention and the respect that it should.



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Mr. Barton. It will be a part of our reauthorization this session, I assure you.

Mr. Secretary, we thank you. The Chair wants to announce that all members have ten days to submit written questions for the record.

This hearing is adjourned.

[Whereupon, at 1:03 p.m., the Subcommittee was adjourned.]