



MEMORANDUM

May 6, 2019

To: Subcommittee on Energy Members and Staff
Fr: Committee on Energy and Commerce Staff
Re: Hearing on “The Fiscal Year 2020 DOE Budget”

On **Thursday, May 9, 2019, at 10:15 a.m. in the John D. Dingell Room, 2123 of the Rayburn House Office Building**, the Subcommittee on Energy will hold a hearing on “The Fiscal Year 2020 DOE Budget.” The Honorable Rick Perry, Secretary of the Department of Energy will be the sole witness.

I. DEPARTMENT OF ENERGY FISCAL YEAR 2020 BUDGET

The President’s Fiscal Year (FY) 2020 budget requests \$31.7 billion for the Department of Energy (DOE), which represents a \$4 billion decrease from the FY 2019 enacted level. Among the decreases in DOE’s proposed budget are drastic reductions to federal investments in promoting clean energy programs, power grid operations, next generation energy technologies, and economic development for Tribal communities.¹

The budget of the Office of Energy Efficiency and Renewable Energy (EERE) is cut by 86 percent from FY 2019 levels. More than \$700 million of the reduction in EERE funding comes from energy efficiency programs.² Appropriations for FY 2020 would drop to \$343 million from the FY 2019 enacted level of \$2.4 billion.³

The budget provides \$5.5 billion for DOE’s Office of Science, which funds the operations of 17 national laboratories, a decrease of \$1 billion from the FY 2019 enacted level. The proposal would eliminate the Advanced Research Programs Agency-Energy (ARPA-E) in

¹ Department of Energy, *FY 2020 Congressional Budget Request – Budget in Brief* (www.energy.gov/sites/prod/files/2019/03/f60/doe-fy2020-budget-in-brief_0.pdf) (accessed Apr. 29, 2019); All budget information for FY 2019 enacted levels in this memorandum taken from the Joint Explanatory Statement accompanying H. Rept. 115-929, the Conference Report to on H.R. 5895 for Public Law 115-244.

² *Id.*

³ *See* note 1.

FY 2020.⁴ ARPA-E is the nation’s largest federally-funded investment in clean energy research and development (R&D). The program funds innovative but riskier energy technologies.

Additionally, the budget proposal eliminates the following programs:

- Title XVII loan guarantee program for innovative energy technologies;
- Advanced Technology Vehicles Manufacturing (ATVM) Program; and
- Tribal Energy Loan Program

With regard to DOE’s defense-related programs, the budget proposal requests \$16 billion for the National Nuclear Security Administration (NNSA), which is a \$1.2 billion increase from the FY 2019 level, to support DOE’s nuclear security responsibilities. The request includes funding to maintain a safe, secure, and effective nuclear deterrent without testing, including life extension programs for major weapons systems and modernization of the Nation’s research and production infrastructure.⁵

The budget proposal also includes \$2 billion for Defense Nuclear Nonproliferation, which is \$63 million above the FY 2019 level. The request contains \$220 million to eliminate the Mixed Oxide (MOX) Fuel Fabrication Facility and \$79 million to pursue the “dilute and dispose method” as an alternative to MOX for disposing of weapons-grade plutonium. There is also \$1.6 billion to support the current fleet and to create the future fleet of Naval Reactors; this is a decrease of \$140 million from the FY 2019 enacted level.⁶

A table comparing DOE’s recently enacted appropriations with the Administration’s FY 2020 proposal is included as an addendum at the end of this memorandum. The remainder of this memo provides additional information on important aspects of DOE’s proposed budget for FY 2020.

A. Cybersecurity

Last year, DOE announced the establishment of a new office of Cybersecurity, Energy Security, and Emergency Response (CESER) as part of its FY 2019 budget request and tasked the office with protecting the nation’s energy infrastructure “from cyber threats, physical attack and natural disaster.”⁷ The United States Senate confirmed Karen S. Evans as the Assistant

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ Department of Energy, FY 2019 Congressional Budget Request – Volume 3 Part 1 (Mar. 2018) (www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-Volume-3-Part-1_0.pdf).

Secretary for CESER on August 28, 2018.⁸ The FY 2020 budget request includes \$157 million for the CESER office, a \$37 million increase from the FY 2019 enacted level.

The CESER office includes two major programs: Cybersecurity for Energy Delivery Systems (CEDS) and the Infrastructure Security and Energy Restoration (ISER). CEDS's mission is to mitigate the risk of energy disruptions caused by cyber events through both near- and long-term initiatives. CEDS focuses on accelerating the speed and effectiveness of cyber risks and vulnerability sharing by partnering with industry to create a nationwide cyber supply chain capability analysis, and by expediting game-changing research and development advances.⁹ The ISER program coordinates a nationwide initiative to safeguard energy infrastructure from disruptions by supporting a regional voluntary delivery model. ISER aims to increase outreach to state, local, tribal, and territorial partners to make sure their energy assurance plans include integrated information sharing initiatives and align with activities undertaken by the energy industry sector.¹⁰

B. Energy Efficiency and Renewable Energy

EERE supports the development of energy technologies for a clean energy economy. EERE initiatives cover three key sectors: energy efficiency, renewable energy, and vehicle technology. The Administration's FY 2020 budget request completely eliminates two critical programs within the EERE portfolio: the Weatherization Assistance Program and the State Energy Program.¹¹

EERE manages the National Renewable Energy Laboratory (NREL), the only national laboratory dedicated to the research, development, and deployment of renewable energy and energy efficiency technologies. With \$12 billion of taxpayer investment, EERE programs have yielded an annual return greater than 20 percent and a net benefit of \$230 billion, according to third-party evaluations.¹²

EERE is responsible for promulgating efficiency standards for consumer and other products. DOE failed, however, to review and timely submit energy efficiency standards to the Federal Register for various home appliances and industrial equipment within the 45-day timeframe set forth in the Department's Error Correction Rule. On February 15, 2018, a United States District Judge ordered DOE to publish four outstanding energy efficiency standards within 28 days of the ruling. On March 6, 2018, the Trump Administration filed a motion for a stay of

⁸ Department of Energy, *CESER Leadership* (<https://www.energy.gov/ceser/ceser-leadership>) (accessed Apr. 29, 2019).

⁹ See note 3.

¹⁰ *Id.*

¹¹ Department of Energy, FY 2019 Congressional Budget Request, Volume 3 Part 2 (Mar. 2019) (<https://www.energy.gov/sites/prod/files/2019/04/f61/doe-fy2020-budget-volume-3-Part-2.pdf>).

¹² Department of Energy, *About the Office of Energy Efficiency and Renewable Energy* (www.energy.gov/eere/about-office-energy-efficiency-and-renewable-energy) (accessed Apr. 29, 2019).

the court's order pending an appeal.¹³ According to DOE's own estimates, the standards, if not delayed, would save consumers approximately \$8 billion over a 30-year period.¹⁴

Since the beginning of the Trump Administration, DOE has failed to publish energy efficiency standards adopted and finalized during the Obama Administration. DOE has also failed to update 16 appliance and equipment standards as required by federal law. This inaction violates DOE's statutory obligations under Energy Policy and Conservation Act (EPCA).¹⁵ On February 6, 2019, DOE announced plans to narrow the scope of energy efficiency standards for lightbulbs,¹⁶ which are projected to save consumers approximately \$665 billion through 2050.¹⁷

C. Nuclear Legacy Waste Cleanup

DOE's Office of Environmental Management is responsible for remediating waste created by government-sponsored nuclear energy research and nuclear weapon production and development. The FY 2020 budget request includes \$6.5 billion for Environmental Management, a \$706 million decrease from the FY 2019 enacted level. These funds are used by DOE to address its cleanup responsibilities for large quantities of liquid radioactive waste, spent nuclear fuel, contaminated soil and groundwater, and the deactivation and decommissioning of excess facilities used by the Nation's nuclear weapons program.

According to DOE's fiscal year 2018 financial report, the Department's environmental liabilities totaled nearly \$494 billion. Approximately half of its environmental liability is associated with just two sites: the Hanford site in Washington State and the Savannah River site in South Carolina.¹⁸ DOE's Office of Environmental Management is actively cleaning up 16 sites in 11 states.¹⁹

¹³ Defendants' Administrative Motion for a Stay Pending Appeal, (Mar. 6, 2018), *Natural Resources Defense Council, Inc., et al. v. James R. Perry, et al.*, D.D.C. (No. 3:17 CV 03404).

¹⁴ *Natural Resources Defense Council, Inc., et al. v. James R. Perry, et al.*, No. 17-cv-03406-VC (N.D. Cal. Feb. 15, 2018) (order denying defendant's motions to dismiss and granting plaintiffs' motions for summary judgement).

¹⁵ 10 C.F.R. 430.5. Publication of these standards is currently subject to ongoing litigation. On April 11, 2018, the 9th Circuit Court granted a stay pending appeal by the Department of Energy. *NRDC, Inc. v. Perry*, Nos. 18-15380, 18-15475, 2018 U.S. App. LEXIS 9088 (9th Cir. Apr. 11, 2018).

¹⁶ U.S. DOE, *Energy Conservation Program: Energy Conservation Standards for General Service Lamps* (Feb. 6, 2019).

¹⁷ Appliance Standards Awareness Project and American Council for an Energy Efficient Economy, *U.S. Light Bulb Standards Save Billions for Consumers but Manufacturers Seek a Rollback* (July 2018) (<https://aceee.org/sites/default/files/bulb-standards-0803-2.pdf>).

¹⁸ Department of Energy, Fiscal Year 2018 Agency Financial Report (DOE/CF-0149) (Dec. 2018).

¹⁹ See note 1.

In addition, the budget request includes \$116 million for the Yucca Mountain and Interim Storage programs. This funding would be used to resume the licensing process of the geologic repository for high-level nuclear waste and to support an interim storage program. Congress did not include funds for either program in FY 2019.²⁰

D. Power Marketing Administrations

DOE oversees four Power-Marketing Administrations (PMAs) that sell electricity generated by federally-owned hydropower assets. The budget request directs the federal government to sell the transmission assets of the Southwestern Power Administration, Western Area Power Administration (WAPA), and Bonneville Power Administration.

The budget request includes a legislative proposal requiring all four PMAs to change their rate structure from simple cost recovery to a market-based structure that takes into consideration rates charged by comparable utilities.²¹ The budget request also includes a proposal to repeal the borrowing authority managed by WAPA's Transmission Infrastructure Program, which provides financing to facilitate the delivery of renewable energy resources.²²

II. WITNESS

The following witness has been invited to testify:

The Honorable Rick Perry
Secretary
U.S. Department of Energy

²⁰ See note 9.

²¹ See note 1.

²² *Id.*