



Opening Statement of Investigations and Oversight Subcommittee Chairman Jay Obernolte

As Prepared for Delivery

Full Committee Hearing

An Update on the Department of Energy's Science and Technology Priorities

September 14, 2023

Good morning. Before we convene this hearing, I'd like to first recognize the absence of my friend and the Chairman of this Committee, Mr. Lucas of Oklahoma. Recently, he endured an injury while working on his farm. Frank is a huge presence on Capitol Hill both personally and legislatively, and I'd like to ask everyone to keep him in your prayers and wish him a speedy recovery.

Today, the House Science Committee will examine the U.S. Department of Energy (DOE)'s goals and priorities for its civilian research, development, demonstration, and commercial application programs. I'd like to welcome the Honorable Jennifer Granholm and thank her for her testimony this morning.

Secretary Granholm, since your last appearance before this Committee in May of 2021, DOE has been substantially transformed. With the passage of the Infrastructure, Investment, & Jobs Act (I-I-J-A) in 2021 and the Inflation Reduction Act (I-R-A) in 2022, the DOE received \$100 billion in supplemental funding. These laws created over 70 new programs and increased the DOE's Office of Loan Program authority to \$400 billion.

To administer these new programs, the DOE underwent a major structural reorganization and expansion: creating a new Undersecretary position and several new program offices, separating energy demonstration projects from their core research and development activities and hiring over a thousand new employees.

In the light of these massive changes, which the DOE was tasked with seemingly overnight, I – along with many of my colleagues – are justified in having several serious concerns.

The DOE has been placing an unprecedented focus on its applied programs, and I am troubled by the comparative lack of support for the Office of Science. The DOE Office of Science and its national labs play a critical role in maintaining U.S. leadership in emerging technologies, including artificial intelligence, quantum information sciences, and fusion energy. Unlike applied research, which the private sector provides abundant resources to fund, the Office of Science conducts basic research, which the federal government provides a primary role in supporting.

While the Office of Science accounts for nearly 20% of DOE's annual funding, it unfortunately received less than 2% of IJJA and IRA funds. And while its mission is essential to DOE's overall

mandate, the Department, through its budget proposals and administrative actions, continues to demonstrate an indifference to this central responsibility.

This directly hampers our ability to innovate and compete with our adversaries, especially the Chinese Communist Party.

Instead of doubling down on already-funded applied energy programs, the DOE should rebalance its portfolio by reprioritizing support for the Office of Science. The DOE can accomplish this by fully implementing the Science Committee's responsible and well-vetted authorization of this office, as included in the CHIPS and Science Act of 2022.

As the Chairman of Investigations and Oversight Subcommittee, I am also deeply concerned about the Department's lack of resources assigned to the Office of the Inspector General. It is troubling that among the hundreds of billions in newly appropriated funds and loan authorities, less than 0.1% was allocated to the OIG to oversee this new spending.

This lack of oversight amplifies my concerns about the DOE's ability to implement critical R&D programs with the necessary safeguards to protect taxpayer dollars. Today, despite engagement with the DOE over many of these concerns, I remain skeptical about the Department's ability to smoothly oversee the distribution of \$100 billion in addition to its annual \$45 billion budget with the necessary guardrails in place.

We have already experienced problems with how these funds are disbursed. For example, in the fall of last year, the DOE selected a company with known links to the Chinese Communist Party to receive \$200 million in federal dollars. After several congressional inquiries over this alarming development, DOE ended the award negotiation process with this company. However, as of this morning, DOE has refused to provide us with its reasoning for terminating this agreement.

The Committee is waiting to receive a classified briefing by the Department regarding this critical issue and our expectation is that we receive more information shortly.

In addition, over the past few months Energy Subcommittee Chairman Williams and I have submitted letters to the Department requesting information on a disturbing trend of conflict-of-interest violations. Most recently, our oversight touched on your own practices, Madame Secretary. As public servants, it is critical that we hold ourselves to the highest levels of integrity with the American people not only in practice, but also in public perception. I hope we have an opportunity for a productive discussion on these issues this morning.

This is an unprecedented time at the Department of Energy. Americans deserve access to secure, resilient, and affordable energy, which permits competition and increases reliability instead of picking winners and losers. But we must neither break the bank nor cut corners to get the job done.

Thank you for your willingness to participate in our hearing today. I look forward to an update on your vision for the DOE and how the Department intends to carry out congressional direction in a way that maximizes the return on investment for the U.S. taxpayer.