OPENING STATEMENT
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House Committee on Science, Space, and Technology
Subcommittees on Energy and Oversight
"Risky Business: The DOE Loan Guarantee Program"
February 15, 2017

Good morning. Thank you Chairman Weber and Chairman LaHood for holding this hearing, and thank you to the witnesses for being here today.

We are here to discuss the record of the Department of Energy's Loan Programs Office and the unique role that these programs play in our energy innovation pipeline. They provide both direct loans and loan guarantees for projects across a broad range of energy sectors including nuclear, fossil energy, renewables, and advanced vehicles. This support is critical because private lenders are typically unwilling or unable to take on the risks associated with financing truly innovative first-of-a kind projects of this scale on their own.

These programs have been instrumental in establishing new, American-made clean energy industries. For example, prior to 2010 there actually were no large-scale photovoltaic solar projects in the U.S. But after a careful review of both the opportunities and the risks, DOE's loan guarantee program supported the first five projects of this kind, and since then the private sector has taken over – financing another 45 utility-scale projects without government involvement. Any objective observer will tell you that this simply wouldn't have happened if DOE had not fulfilled the loan programs' unique role of reducing the risk of deploying new clean energy technologies.

The loan guarantee program is also supporting construction of the first new U.S. nuclear reactors in 30 years at the Vogtle plant in Waynesboro, GA. And less than two months ago, DOE issued a conditional loan guarantee for an exciting new carbon capture and methanol production project in Lake Charles, Louisiana.

DOE's Advanced Technology Vehicles Manufacturing program, which issues direct loans, is yet another success story. Not only did it help launch one of the leading electric vehicle manufacturers in the country today, Tesla Motors, but that company paid back its loan with interest almost ten years early. Overall, this program has supported the production of more than 4 million fuel-efficient cars and more than 35,000 jobs across eight states.

The record is also now abundantly clear that DOE has been carrying out these key programs in a fiscally responsible manner. Even initial critics now view the loan guarantee program as a success, with losses equaling only 2.23% of the Office's entire portfolio – a rate that is lower than many venture capitalists achieve. While there will undoubtedly be instances when an individual project does not meet its goal, DOE's overall portfolio remains strong and healthy.

In closing, I want to emphasize that there is no such thing as a “free market” when it comes to energy. The full cost to taxpayers of producing and ensuring the safe transportation of oil on the global market is not reflected in its price. Furthermore, the growing costs of carbon pollution have yet to be priced into the energy sector, unfortunately, and Germany, China, India, and other leading competitors have implemented their own robust energy loan and loan guarantee programs to help them cross what’s often called “valley of death” between clean energy technology development and commercialization. So DOE’s loan programs are vitally important for enabling the United States to compete effectively on the world stage – and, more broadly, for fostering an American-made clean energy future for us all.

Again, I thank each of you for joining us today, and with that I yield back the balance of my time.