<u>OPENING STATEMENT</u>
Ranking Member Marc Veasey (D-TX)
of the Subcommittee on Energy

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

Thank you, Mr. Chairman. I am looking forward to working with you this Congress in my capacity as the Ranking Member of the Energy Subcommittee. Given our history together in the Texas Legislature, I'm hopeful we can work together to ensure America's bright energy future, and the Department of Energy continues to be a world leader in fostering energy innovation as well as fundamental research.

Today, we are examining the Department of Energy's Loan Programs Office. I hope that by the end of this hearing my colleagues on both sides of the isle can come to the same conclusion that so many nonpartisan observers and professionals in the finance industry have – that these loan programs have been successful by almost every measure.

Allow me to highlight just a few of those success stories: The LPO portfolio has over 30 projects in 18 states. It has enabled over 50 billion dollars in private sector investment in clean energy technologies. These loan guarantees have created 56,000 American jobs across the country. And these loan guarantees have helped prevent the release of 34.1 million tons of carbon dioxide into our atmosphere. All of this is because, at Congress's direction, DOE intelligently leveraged the Federal government's strong credit and LPO's deep expertise to the benefit of the American taxpayer.

For my fiscal conservative friends – the loan programs have helped reduce the national debt. During LPO's relatively short life, the loans and loan guarantees have returned approximately **$980 MILLION** to the Treasury. That is net revenue from interest payments after accounting for losses. It is notable that even the Heritage Foundation left LPO off their list of programs to cut or eliminate in their "Blueprint for Balance." And based on my quick read, there aren't many DOE programs that they spared in that report.

When Congress authorized the loan program, we set aside $10 billion for expected losses that may occur as the Federal government takes on varying levels of risk with each of these projects. While there have been a handful of projects that did not pan out, the total losses from all of these projects comes nowhere near the $10 billion originally set aside. In fact, it is less than 10% of the amount Congress originally projected, with losses so far adding up to $810 million – a number that is covered twice over by interest payments collected. So, if we consider this program on a strictly cost-benefit or risk-reward basis, it has clearly performed beyond expectations and is *tremendously* successful. But those aren't the only – or even the most appropriate – metrics to consider.

The Section 1705 loan guarantees are responsible for launching the utility-scale photovoltaic (PV) solar industry. These loan guarantees enabled the first five 100-megawatt solar PV facilities to be built in the U.S. What followed that initial investment from DOE perfectly illustrates the role that these loan guarantees fill in the market.

After DOE demonstrated the viability of those first five projects, private financing began funding utility-scale solar PV independently. As of last year there are now 45 other projects that have received financing. However, LPO does more than *just* provide loan guarantees to renewable energy. In fact, over a third of the portfolio's loan guarantee authority funds the Vogtle nuclear energy project in Georgia. And with the announcement of a conditional commitment for the first advanced fossil energy project in Lake Charles, Louisiana, the portfolio continues to diversify.

In fact, the carbon captured from the Lake Charles project will be used by Denbury, a Texas company, for enhanced oil recovery in southeast Texas. As chairman of the Carbon Dioxide Enhanced Oil Recovery Caucus, I certainly support this project. With this enhanced oil recovery occurring near - if not in - the district of Chairman Weber, I'm hopeful he'd be supportive of this project as well.

The market for industrial carbon capture has the potential to experience the same revolutionary changes that the solar PV industry experienced as a result of LPO's unique role and capabilities to foster our energy innovation pipeline.

In conclusion, the Loan Programs Office has something for everybody. It has investments in fossil energy, renewables, and nuclear, and it even reduces our national debt. I hope we can all recognize the benefits and extraordinary gains that have come out of LPO.

Furthermore, I hope my colleagues on the other side of the aisle are willing to work together to constructively support and, wherever appropriate, improve the Department's work in this crucial area.

Thank you again, Mr. Chairman and I yield back the balance of my time.