

**Opening Statement of the Honorable Fred Upton
Chairman, Subcommittee on Energy
“The Fiscal Year 2019 Department of Energy Budget”
April 12, 2018**

(As prepared for delivery)

It has been six months to the day since you last appeared here, Secretary Perry, and I welcome you back. At our October 12 hearing, we talked about your efforts to refocus the Department’s limited budget resources to address what you see as the most pressing challenges.

You outlined several priorities, which included: promoting the nation’s energy security, strengthening the nation’s national security and nuclear deterrent, spurring innovation, and cleaning up the legacy Cold War sites.

The proposed 30.6-billion-dollar budget we are discussing today reflects those priorities. There is \$15 billion for the National Nuclear Security Administration, which would continue critical spending for DOE’s defense and national security programs at a level some \$2 billion higher than the previous Administration’s spending.

The budget maintains about \$5.4 billion for the Office of Science and its fundamental and basic research programs, which is the seedbed for innovation. This is up somewhat from the previous Administration’s spending. And there is \$6.6 billion for the Office of Environmental Management—the highest level in 15 years.

Concerning the various energy programs, the budget provides \$2.5 billion, which represents a substantial cut overall from previous spending across these programs. This has raised questions and concerns from Congress, which I am sure you are prepared to discuss today.

The questions the budget raises are important. Examining spending priorities in an era of constrained budgets, identifying ways to get more out of each taxpayer dollar spent, focusing resources on the most essential and pressing problems are critical for successful Secretarial management.

This Committee's work on DOE modernization is intended to strengthen your ability as Secretary to manage and execute the Department's missions. Our most critical modernization priority right now is to make sure the Department can confront the emerging threats to our nation's energy security.

This involves enhancing the Department's cybersecurity and emergency response capabilities, which are needed for a wide range of emerging threats to our energy systems.

Your new office to focus on cybersecurity and energy emergencies makes sense. It is responsive to concerns this Committee has raised over the years that DOE's energy security functions were buried in programs with other priorities.

While this action is a positive step, I think the Department and policy makers must do more to address emerging threats and other hazards to our energy systems—natural and man-made.

This is why we are moving several bi-partisan bills to strengthen and clarify DOE's cyber security and emergency authorities through the Committee process. And I would encourage you to continue working with the Committee to identify additional authorities you need to be more effective.

We also need to recognize that, as our energy systems, market mechanisms, and federal and state environmental policies become more entangled, existing and emerging hazards to energy systems may have more far reaching consequences than we may be accustomed to.

For example, a successful cyber-attack on certain business systems could undermine confidence in energy trading systems, even if it doesn't pose a threat to physical operations. A major cold event, like January's "bomb cyclone," can lead to severe shortages in power or energy when people need it most. Or, as testimony at our second modernization hearing this year noted, factors that lead to the decline in our nation's nuclear infrastructure can undermine long term national security and international leadership on nonproliferation and safety.

These energy policy and energy security present serious challenges—challenges that transcend our current market set up. It is essential for you, as the Secretary of Energy to survey energy and national security risks, to identify the implications of

our existing energy policies and energy infrastructure, recommend appropriate action—and help us make more informed policy decisions.

Your budget should provide the resources for you to do this work. And your leadership should focus on tackling these large and consequential questions. I look forward to this morning's discussion.