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6 THE FISCAL YEAR 2019 DEPARTMENT OF ENERGY

7 BUDGET

8 THURSDAY, APRIL 12, 2018

9 House of Representatives

10 Subcommittee on Energy

11 Committee on Energy and Commerce

12 Washington, D.C.

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16 The subcommittee met, pursuant to call, at 10:00 a.m.,
17 in Room 2123 Rayburn House Office Building, Hon. Fred Upton
18 [chairman of the subcommittee] presiding.

19 Members present: Representatives Upton, Olson, Barton,
20 Shimkus, Latta, Harper, McKinley, Kinzinger, Griffith,
21 Johnson, Long, Bucshon, Flores, Mullin, Hudson, Cramer,
22 Walberg, Duncan, Walden (ex officio), Rush, McNerney, Peters,

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23 Green, Doyle, Castor, Sarbanes, Tonko, Loeb sack, Schrader,
24 Kennedy, Butterfield, and Pallone (ex officio).

25

26 Staff present: Mike Bloomquist, Deputy Staff Director;
27 Samantha Bopp, Staff Assistant; Daniel Butler, Staff
28 Assistant; Kelly Collins, Legislative Clerk,
29 Energy/Environment; Wyatt Ellertson, Professional Staff,
30 Energy/Environment; Adam Fromm, Director of Outreach and
31 Coalitions; Jordan Haverly, Policy Coordinator, Environment;
32 Ben Lieberman, Senior Counsel, Energy; Mary Martin, Chief
33 Counsel, Energy/Environment; Drew McDowell, Executive
34 Assistant; Brandon Mooney, Deputy Chief Counsel, Energy; Mark
35 Ratner, Policy Coordinator; Annelise Rickert, Counsel,
36 Energy; Dan Schneider, Press Secretary; Peter Spencer,
37 Professional Staff Member, Energy; Jason Stanek, Senior
38 Counsel, Energy; Austin Stonebraker, Press Assistant; Hamlin
39 Wade, Special Advisor, External Affairs; Everett Winnick,
40 Director of Information Technology; Andy Zach, Senior
41 Professional Staff Member, Environment; Priscilla Barbour,
42 Minority Energy Fellow; Jeff Carroll, Minority Staff
43 Director; Jean Fruci, Minority Energy and Environment Policy
44 Advisor; Tiffany Guarascio, Minority Deputy Staff Director

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45 and Chief Health Advisor; Zach Kahan, Minority Outreach and
46 Member Service Coordinator; Rick Kessler, Minority Senior
47 Advisor and Staff Director, Energy and Environment; Jourdan
48 Lewis, Minority Staff Assistant; John Marshall, Minority
49 Policy Coordinator; Alexander Ratner, Minority Policy
50 Analyst; Tim Robinson, Minority Chief Counsel; Tuley Wright,
51 Minority Energy and Environment Policy Advisor; C.J. Young,
52 Minority Press Secretary; and Catherine Zander, Minority
53 Environment Fellow.

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Mr. Upton. Good morning, everyone. So it has been 6 weeks to the day, Mr. Secretary, since you last appeared here and I certainly welcome you back. We all do. And at that October 12th hearing we talked about your efforts to refocus the Department's limited budget resources to address what you see as the most pressing challenges.

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You outlined a number of priorities which included promoting the nation's energy security, strengthening the nation's national security and nuclear deterrent, spurring innovation, and yes, cleaning up the legacy Cold War sites. The proposed \$36.6 billion budget that we are discussing today reflects those priorities.

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89 There is \$15 billion for the National Nuclear Security
90 Administration which would continue critical spending for
91 DOE's defense and national security programs at a level some
92 \$200 billion higher than the previous administration
93 spending. The budget maintains about five and a half billion
94 dollars for the Office of Science and its fundamental and
95 basic research programs which is the seed bed for innovation.
96 That is up somewhat from the previous administration
97 spending. And there is \$6.6 billion for the Office of
98 Environmental Management, the highest level in some 15 years.

99 Concerning the various energy programs, the budget
100 provides two and a half billion which represents a
101 substantial cut, overall, from the previous spending across
102 these programs. And I would encourage you to continue
103 working with the committee to identify additional authorities
104 that you need to be more effective and I know that you will
105 do that.

106 We also need to recognize that as our energy systems,
107 market mechanisms, and federal and state environmental
108 policies become more entangled, existing and emerging hazards
109 to energy systems may have far more reaching consequences
110 than we may be accustomed to. For example, a successful

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111 cyber attack on certain business systems would certainly
112 undermine confidence in energy trading systems even if it
113 doesn't pose a threat to physical operations.

114 A major cold event like January's bomb cyclone can lead
115 to severe shortages in power or energy when people need it
116 most or, as testimony at our second modernization hearing
117 this year noted, factors that lead to the decline in our
118 nation's nuclear infrastructure can undermine long-term
119 national security and the national leadership on
120 nonproliferation and safety.

121 So these energy policies and energy securities present
122 serious challenges, no question, challenges that transcend
123 our current market setup. It is essential for you as
124 Secretary of Energy to survey energy and national security
125 risks, to identify the implication of our existing energy
126 policy and energy infrastructure, recommend appropriate
127 action, and help us make more informed policy decisions.
128 Your budget should provide the resources for you to do that
129 work and your leadership should focus on tackling those large
130 and consequential questions.

131 I look forward to this morning's discussions and would
132 yield for an opening statement to the ranking member of the

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133 Energy Subcommittee, Mr. Rush from Illinois.

134 [The prepared statement of Mr. Upton follows:]

135

136 *****INSERT 1*****

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137 Mr. Rush. Good morning. I want to thank you, Mr.
138 Chairman, and I want to welcome you, Mr. Secretary. And, Mr.
139 Secretary, I really like how you entered into the room. You
140 came over and shook hands on the side of the aisle, here, and
141 your personal touch means a lot. And in this era of
142 extremism on both sides, really, the human touch you
143 exhibited means a lot to me and I want to thank you for it.

144 Mr. Secretary, I look forward to working with your
145 office to ensure that the Department moves the nation's
146 energy policies forward in a way that benefits all Americans
147 and, indeed, benefits all communities. History has shown all
148 of us the importance of having people with different
149 perspectives and different life experiences at the proverbial
150 table when important and consequential decisions are
151 initially being considered.

152 So when I talk about having diversity in leadership
153 positions at DOE, it is just not for the sake of having
154 diversity. But rather, it helps to ensure that specific
155 groups or communities aren't being excluded whether it is
156 intentional or not. When decisions are being made regarding
157 which universities are awarded research grants, or which
158 businesses can receive contracts, or even how a specific

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159 policy might impact a particular community, having a sense of
160 diversity, having real diversity in demographics and in
161 opinion, helps to make sure certain groups aren't being left
162 out. So, Mr. Secretary, I look forward to meeting with you
163 soon to discuss your thoughts on this very issue and to see
164 how we might be able to work together to make sure that the
165 Department is providing aid and resources to all communities
166 in a way that is sustainable regardless of the administration
167 that is in office.

168 Mr. Secretary, besides the objective of making sure the
169 Department elects inclusive policies I also have strong views
170 in regards to the fiscal year 2019 budget proposal that was
171 put forth by the administration. Specifically, this budget
172 proposal will cut the Office of Energy Efficiency and
173 Renewable Energy by 70 percent from fiscal year 2018 levels
174 with over \$600 million of these reductions coming from energy
175 efficiency programs.

176 These proposed cuts are a nonstarter as far as I am
177 concerned. They would severely and negatively impact low-
178 income families throughout my home state of Illinois and the
179 nation by eliminating extremely popular and much-needed
180 initiatives such as the Weatherization Assistance Program and

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181 the STAR ENERGY program. Additionally, the proposal would
182 increase funding of the Office of Science, which funds the 17
183 national laboratories, by \$869 million from fiscal year 2018
184 levels, eliminating the Advanced Research Program Agency,
185 slash, Energy, or ARPA-E.

186 The budget proposal would also get rid of all DOE loan
187 programs including the Title XVII innovative clean energy
188 projects loan program and the Advanced Technology Vehicles
189 Manufacturing loan program. Mr. Secretary, this fiscal year
190 2019 budget proposal reflects exactly the wrong vision for
191 the nation and it would take us backwards on critical issues
192 like climate change, while also hampering American innovation
193 and global competitiveness.

194 Mr. Secretary, again I want to thank you for being here
195 and I look forward to working with you to address these
196 important issues going forward. With that, I yield back the
197 balance of my time.

198 Mr. Upton. The gentleman yields back. The chair would
199 recognize the chair of the full committee for an opening
200 statement, the gentleman from the good state of Oregon, Mr.
201 Walden, for 5 minutes.

202 The Chairman. You know, last time it was the great

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203 state of Oregon.

204 Mr. Upton. I know.

205 The Chairman. I don't know how we slid downhill.

206 Mr. Upton. Michigan is the great state. Oregon is a
207 good state.

208 The Chairman. Oh, I see.

209 I want to start of course by welcoming the Secretary and
210 Mr. Vonglis, thank you both for being here. I believe it is
211 the Secretary's second visit before our committee and we
212 appreciate that. We like regular visitors here. We don't
213 give, you know, Hilton Honor points or anything for your
214 stays, but we do appreciate your being here and especially to
215 discuss the fiscal year 2019 budget request from the
216 President.

217 As we have explored through the DOE modernization
218 hearings, lots has changed at the Department of Energy over
219 the 40 years since it was first created especially on the
220 national security and energy front. And I know that is a
221 passion of yours on cybersecurity, Mr. Secretary, and
222 protecting our energy grid, our gas pipeline system and all
223 from attack. Under your leadership, Mr. Secretary, the
224 Department is undertaking a very ambitious set of reforms to

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225 strengthen our energy security, to reduce regulatory burdens,
226 and to spur economic growth in America. Today's hearing will
227 provide you with an opportunity to update the committee on
228 the progress made toward achieving those goals and to discuss
229 how the budget request will help further DOE's mission to
230 advance the national economic and energy security of the
231 United States.

232 As we have discussed before, DOE and Congress must work
233 cooperatively to adapt management and mission priorities to
234 reflect the realities of today's world. At my direction,
235 Chairman Upton and Vice Chairman Barton have been working
236 with Mr. Rush and others in terms of how do we organize the
237 Department of Energy for the next generation. And we
238 appreciate that work that is underway and we also appreciate
239 the work of your team, Mr. Secretary, to give us counsel and
240 guidance from time to time as we work on legislation here to
241 strengthen the physical security and cybersecurity of the
242 nation's electric grid and pipelines and streamline the
243 process for reviewing LNG export applications.

244 The Department of Energy has been a good partner and we
245 appreciate the testimony and your assistance in fine tuning
246 these bills. It is my expectation this constructive approach

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247 will continue to pay off as we dig deeper to address DOE's
248 core missions of nuclear energy, environmental cleanup, and
249 mission-enabling science.

250 The President's fiscal year 2019 budget requests \$30.9
251 billion for the Department to deliver on its commitments to
252 the American people. Almost half that budget would go toward
253 the Department's nuclear security mission, roughly a quarter
254 would be spent on environmental management, the remaining
255 amount would go toward DOE's energy and science programs. I
256 am pleased to see that the budget also includes funding to
257 fulfill the Department of Energy's legacy cleanup
258 responsibilities including at the Hanford Site.

259 Now it is located along the Columbia River, you and I
260 both went there last August and I appreciated your doing that
261 and touring McNary Dam as well. The cleanup work at Hanford
262 requires deliberate, careful, and very clear oversight by the
263 Department of Energy and we will continue to monitor the
264 projects, particularly involving worker safety.

265 As we talked before the hearing, Mr. Secretary, I would
266 love to explore your views on what has happened recently
267 there with some potential radiation emissions from dust and
268 the effect on workers and the overall cleanup. While many

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269 technical and logistical challenges remain, we are beginning
270 to see some progress and I trust your renewed focus on
271 Hanford will accelerate the results of cleaning up that mess.

272 I am pleased the budget includes funding to restart
273 Yucca Mountain project -- Mr. Shimkus also probably shares
274 some happiness with that move -- so the waste currently sited
275 at Hanford and around the country will be permanently
276 disposed of. That remains a big priority for this committee.
277 We will get Yucca legislation to the floor. We passed out it
278 here on a big bipartisan vote, we want to get it down to the
279 President's desk.

280 This year's budget request is notable in its emphasis on
281 energy security, in particular in combating physical and
282 cyber attacks to our nation's energy infrastructure. As the
283 sector-specific agency for cybersecurity for the energy
284 sector, the Department of Energy must ensure unity of effort
285 and serve as the day-to-day referral interface for the
286 prioritization and coordination of activities across the
287 government.

288 As I said, I got a firsthand look at some of DOE's
289 testing capabilities and unique facilities and advanced tools
290 during a recent visit to the Idaho National Laboratory in

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291 Idaho Falls. Mike Simpson, my colleague from Idaho, and I
292 were there. Your experts are working to protect our economy
293 and safety of our citizens from hackers who are waging a
294 continuous cyber war on our critical infrastructure in this
295 country.

296 Just last month for the first time ever, the Department
297 of Homeland Security and the FBI jointly issued an alert
298 formally accusing the Russian Government of a widespread
299 hacking campaign targeting a wide swath of our energy
300 infrastructure including our grid, pipelines, and nuclear
301 facilities. I commend you, Mr. Secretary, for taking this
302 threat as seriously as you do and for your efforts to improve
303 the Department's ability to detect and respond to these
304 emergency threats.

305 While the Department works to keep the lights on in the
306 event of a cyber attack, it is also working to improve the
307 resiliency and reliability of the electric grid in the face
308 of a rapidly changing power generation mix. So, Mr.
309 Secretary, we appreciate that. I will have questions for you
310 about making sure that the Bonneville Power Administration
311 remains a vibrant part of the Northwest infrastructure. I
312 know the administration may have a different view on that but

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313 we will overcome that.

314 So thank you, Mr. Secretary, delighted to have you here,
315 and I yield back the balance of my time.

316 [The prepared statement of The Chairman follows:]

317

318 *****INSERT 2*****

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319 Mr. Upton. The gentleman yields back. The chair would
320 recognize the ranking member of the full committee, the
321 gentleman from New Jersey, Mr. Pallone, for 5 minutes.

322 Mr. Pallone. Thank you, Mr. Chairman.

323 Secretary Perry, welcome back. I hope you feel welcome,
324 because judging by President Trump's fiscal year 2019 budget,
325 I think here in Congress we have more confidence in you and
326 your Department than in the President. I say that because we
327 recently passed a bipartisan omnibus appropriations bill that
328 not only increased funding for many DOE programs above the
329 President's budget request, but also increased funding above
330 2017 enacted levels.

331 And I am glad that Congress is going on record that it
332 will not accept these severe cuts being proposed by the
333 President. I don't envy the position you are in today,
334 having to defend a Department of Energy budget that slashes
335 funding for clean energy research, walks away from popular
336 efficiency programs that save consumers money, eliminates
337 programs that fund cutting-edge energy research, and helps
338 low-income families weatherize their homes.

339 And this budget also slashes federal investments in DOE
340 programs that help mitigate carbon emissions which are, as

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341 the science clearly shows, the main drive of climate change.
342 The President's budget proposes a particularly crippling 70
343 percent cut to DOE's Office of Energy Efficiency and
344 Renewable Energy and that office has succeeded in growing
345 clean energy technology deployment, developing cost-saving
346 energy efficiency programs, and promoting advanced vehicles
347 and alternate fuels. If we put the brakes on clean energy
348 research, development, and deployment, we risk falling behind
349 countries like China that are prioritizing clean energy
350 investments that are spurring new industries and creating
351 jobs and this is not a way to grow and expand our economy, in
352 my opinion.

353 I am also very concerned about the budget cuts to
354 efficiency programs. My frustration is compounded by the
355 fact that this administration has been slow-walking the
356 publication of four product efficiency standards that were
357 completed over a year ago. I simply do not understand why
358 you would block the completion of these standards which are
359 cost effective and will save consumers money. The standards
360 have also been fully negotiated. The U.S. District Court has
361 ordered DOE to finally publish these standards, but the Trump
362 administration is currently wasting taxpayer money to appeal

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363 the order. The law requires the DOE to publish these
364 standards and it should be done immediately.

365 The budget proposal also makes several misguided changes
366 to the structure of the power marketing administrations,
367 PMAs. It directs the federal government to sell off a large
368 portion of the transmission system in several PMAs; it also
369 requires the PMAs to charge consumers for electricity based
370 on the rates of comparable private utilities instead of
371 simply recouping costs. And both of these actions, I think,
372 are ill-conceived and will lead to higher electricity bills
373 for those who purchase electricity from a PMA and that is
374 clearly bad for consumers.

375 Another proposal I find especially foolish is the
376 President's plan to abolish the Northeast Gasoline Supply
377 Reserve which was launched after several gasoline shortages
378 during Superstorm Sandy. The administration's reasoning for
379 this shortsighted proposal that the reserve, and I quote, has
380 not been utilized since its establishment. By that logic, we
381 might as well discard the federal government's stockpile of
382 smallpox vaccines because the vaccines have not been used
383 since the stockpile was created. And I have introduced
384 legislation to authorize the reserve. I would prefer to work

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385 with you, Mr. Secretary, to perfect and move that
386 legislation, but I certainly will fight any attempt to
387 eliminate the reserve.

388 And, finally, I must address the recent request the
389 Department received from FirstEnergy and Murray Energy to use
390 section 202(c) of the Federal Power Act to keep the
391 companies' cash-strapped coal and nuclear plants operational.
392 Mr. Secretary, judging by your recent statements and those of
393 Assistant Secretary Walker, it sounds like you appreciate
394 that section 202(c) is for serious grid emergencies as
395 explicitly designed in the statute and not designed to bail
396 out power plants that are using money.

397 So this request by FirstEnergy, in my opinion, is like
398 calling 911 because your credit card got declined. It has
399 united Republicans, Democrats, energy companies and
400 environmental groups, regulators, and consumers in opposition
401 because it is clearly and simply not just inappropriate but,
402 I think, illegal.

403 So again thank you for testifying before our committee
404 today. I know you were here before and, believe me, we
405 appreciate the fact that you as a Cabinet member don't
406 hesitate to come here. Thank you.

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407 I yield back, Mr. Chairman. Mr. Upton. The gentleman
408 yields back. And I would just echo many of the positive
409 comments from both sides of aisle that we do appreciate your
410 presence here and your frequent visits to Capitol Hill and
411 ability to reach out again to both sides. And, Mr.
412 Secretary, you are recognized to give an opening statement
413 and then we will proceed with questions.

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414 STATEMENT OF THE HONORABLE RICK PERRY, SECRETARY, U.S.

415 DEPARTMENT OF ENERGY

416

417 STATEMENT OF SECRETARY PERRY

418 Secretary Perry. Thank you, Mr. Chairman. And Chairman
419 Walden, thank you for your comments. And Ranking Member Rush
420 and along to each of you, it is my privilege to be back in
421 front of you again. And, Mr. Rush, just as a side comment, I
422 hope that we all can reflect a real civility and, frankly,
423 brotherly and sisterly love as we go forward in this process.
424 And it is my honor to get to serve this country once again in
425 this role that I have today and it is a great privilege to be
426 interacting with each of you as public servants. You all
427 sacrifice to serve this country and I am greatly appreciative
428 of that.

429 This budget represents a request to the American people
430 through their representatives in Congress to fund the
431 priorities of this Department. It underscores DOE's
432 commitment to stewardship, accountability, service; I hope
433 that our interactions with you and other committees of
434 Congress over the past year have underscored that commitment.
435 Our DOE leadership team has appeared before congressional

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436 committees 23 times in 2017 and we are proud of the strong
437 relationship that we have built on the Hill.

438 When I first appeared before this committee last year, I
439 committed DOE to advancing several key objectives. I noted
440 that we needed to accelerate our exascale computing
441 capability; to modernize our nuclear arsenal; to continue to
442 address the environmental legacy of the Cold War; advance
443 domestic energy production; better protect our energy
444 infrastructure. This fiscal year 2019 30.6 billion budget
445 request for the Department seeks to advance these and other
446 goals.

447 Mr. Chairman, DOE's supercomputing and other advanced
448 technology capabilities play a crucial role in combating
449 threats to our energy and national security infrastructure.
450 As this committee knows from its strong bipartisan support of
451 the 21st Century Cures legislation, these supercomputing
452 assets are also critical to finding cures for cancer,
453 cardiovascular disease, and other health challenges.

454 In the Precision Medicine Initiative section of the
455 Cures Act, section 2011, you encouraged the Secretary of
456 Health and Human Services to coordinate with the Secretary of
457 Energy to identify and address the technology needs for the

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458 initiative. So last week I met with HHS Assistant Secretary
459 for Health and the Surgeon General to discuss how we can work
460 together to address these goals and further utilize our
461 capacity to address similar health problems faced by American
462 veterans.

463 Mr. McNerney, you and I had talked about this with a
464 little more specificity and I hope to be able to come up and
465 sit down with you because I know that you have a very real
466 interest in this particular area and I just think there is
467 extraordinary opportunity here.

468 On a parallel track, DOE has been working with the VA to
469 utilize information from millions of cancer patients' records
470 to determine optimal treatment. We are now bringing these
471 tools to bear on veterans' health issues ranging from
472 traumatic brain injury to suicide prevention, prostate
473 cancer, cardiovascular disease; in addition, we recently
474 announced a major RFP to accelerate our efforts to regain
475 American leadership in supercomputing. The machines we will
476 build and will deploy will be 50 to 100 times faster than any
477 of our current computers and will hold immense potential to
478 help to answer the most challenging questions in science and
479 medicine and national security.

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480 Regarding national security let me say that the United
481 States Government has no greater or more solemn duty than to
482 protect its citizens. Because nuclear deterrents is critical
483 to our defense, last year we promised a much-needed upgrading
484 of our arsenal. This year we requested an 8.3 percent
485 increase to align ourselves with the President's Nuclear
486 Posture Review and the National Security Strategy. We also
487 focused on addressing the environmental legacy left at the
488 Department's sites and this year we are requesting additional
489 funds for that obligation.

490 We also have a duty to advance American energy
491 independence. Thanks to ingenuity innovation, we are on the
492 cusp of realizing that objective. In the coming years we
493 will produce an abundance of energy from a diverse number of
494 sources. Not only are we becoming energy independent, we are
495 exporting to our friends, our allies, and our partners. Just
496 last year we became a net exporter of natural gas and today
497 we are exporting LNG to 27 countries on five different
498 continents.

499 And as our economy expanded and the energy development
500 reached new heights, our environment became cleaner. From
501 2005 to 2017, we led the world in reducing carbon emissions

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502 cutting them by 14 percent over that time. The lesson is
503 clear, we don't have to choose between growing our economy
504 and caring for our environment and that is the heart of the
505 new energy realism that I recently described.

506 To drive further energy innovations we are requesting
507 continued funding for our energy program offices as well as
508 more funding for research in fossil fuels and nuclear power
509 including small nuclear reactors, the modular reactors. At
510 the Department we have a duty to ensure our energy actually
511 delivers to its place of use without interruption. Our
512 national and economic security depend on a diversity of fuel
513 sources and the ability to deliver electricity where and when
514 consumers need it.

515 My greatest focus as the Secretary of Energy is to
516 ensure that our grid is not only reliable but that it is
517 resilient. That is why last year I promised to step up our
518 efforts to protect and maintain America's energy
519 infrastructure in the face of all hazards. The devastation
520 caused by the 2017 hurricanes highlighted the importance of
521 improving grid reliability and resilience in the face of
522 natural disasters. We also need to protect it from manmade
523 attacks including cyber attacks. So this year we have

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524 requested funding increases to strengthen cybersecurity as
525 well as the Department's cyber defenses. We are also seeking
526 to establish a new Office of Cybersecurity, Energy Security,
527 and Emergency Response which will be led by a new assistant
528 secretary.

529 Now since many of our nation's greatest energy
530 breakthroughs have come through the work of our national
531 laboratories, we need to ensure their ability to innovate.
532 Meeting the people driving our innovation agenda and
533 imploring them to reach even higher are some of the reasons I
534 am committed to visit each of our national labs. Thus far, I
535 have visited 13 of those 17 labs and also visited other key
536 DOE sites. At each site one thing was made abundantly clear,
537 those who work for the Department are patriots committed to
538 serving the American people.

539 In the end it will be you, our elected representatives,
540 who will decide how to best allocate the resources of our
541 hardworking taxpayers. My pledge to you is that we will do
542 our best to use those resources wisely and in pursuit of the
543 vital goals that I have just outlined. Thank you and it is
544 my privilege again to be in front of you and attempt to
545 answer your questions.

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546 [The prepared statement of Secretary Perry follows:]

547

548 *****INSERT 3*****

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549 Mr. Upton. Well, thank you, Mr. Secretary. At this
550 point we will move to questions from both sides. We
551 appreciate again your presence here.

552 I want to first ask, going back to what Chairman Walden
553 said, the great state of Michigan, one of the reasons why it
554 is such a great state is because of the Great Lakes. And I
555 would like to talk to you briefly about the Straits of
556 Mackinac which you know that we both deeply care about.
557 About a week and a half ago, we learned that two high voltage
558 transmission cables that run under the straits near the
559 Mackinac Bridge were destroyed by a ship's anchor and was
560 taken out of service. Enbridge's Line 5 which carries not
561 only crude oil, light crude, and also propane, also runs
562 under the straits only a short distance away, was also struck
563 by that same anchor and the pipeline was damaged. It was a
564 near miss. It could have been catastrophic for sure.

565 And even though the strike on Line 5 did not cause an
566 oil spill, that is something we all worry about. Earlier,
567 Governor Snyder and I reached an agreement with Enbridge who
568 maintains that line to look at a number of options to replace
569 that line. In my view, it needs to be directionally drilled
570 in terms of a new line that needs to replace the existing

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571 line. I know that they are looking at a number of different
572 options, and particularly with the events of the last 2 weeks
573 it prompts us to try and expedite that process even faster.

574 A couple questions I have as I work with the governor's
575 office and others, can you help us in looking at a
576 replacement for this line as it relates to the permitting
577 that would be required and other efforts within the
578 administration to replace that Line 5 with a safer option
579 than we have today?

580 Secretary Perry. Yes. Well, the short answer is yes.
581 But if I could just expand a moment, I think it is really
582 important for us to recognize that our infrastructure not
583 only in some cases as this one, I would suggest, is aging,
584 but also the expansion of that infrastructure to be able to
585 take advantage of this new energy resource, if you will. 12
586 years ago there was a fellow traveling around the country
587 making a pretty good living giving a speech about peak oil,
588 and the world has so changed and America is in such a
589 different position and being able to move those resources
590 safely and efficiently is really important to the economy and
591 to the national security of this country.

592 Mr. Upton. Well, you might remember that there was an

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593 Enbridge pipeline break a number of years ago and when that
594 happened we actually passed the Upton-Dingell bill and --
595 John Dingell -- and it passed with maybe one vote against it
596 in the Congress. We upgraded all of the safety standards and
597 fines for new pipelines, and one of the provisions in that
598 bill in fact was that any new pipeline built that goes
599 underneath a body, a significant body of water, major river,
600 et cetera, certainly the Straits of Mackinac, would have to
601 be buried underneath that lake or riverbed and not be
602 trenched or simply laid on the top.

603 So what I have been pushing Enbridge to do, and I know
604 the governor is on board as well, is to actually go
605 underneath and use that technology that is available today so
606 that we can get this thing replaced. One other question
607 relating to that, can you ask your department of energy and
608 reliability to actually study what would happen if this line
609 went out for some type of duration? It leads to a major
610 refinery over in Detroit and then that oil is refined and
611 wholesaled throughout the Midwest. And I would like to know
612 what the impact might be particularly on the consumers, and
613 if you could help us get that, that would be good.

614 Secretary Perry. I would be happy to do that, Mr.

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615 Chairman. Your common, or let me put it this way, I think
616 our common sense, collectively, tells us that if we lose a
617 major line to a refinery like that, that it is going to have
618 a negative impact not only on the consuming public, but also
619 I will suggest, and it is one of the things I think you are
620 very wise to ask us to take a look at this, on the national
621 security side of it.

622 I don't know where that fuel goes in its final stages,
623 but you all have major military bases in that part of the
624 country and it could have a negative impact on their ability
625 to have fuel available for the security of this nation.

626 Mr. Upton. The last question I have is while we are
627 talking about pipeline safety I want to turn to the recent
628 news regarding cyber attacks on pipelines and as you know
629 that there was a published report just in the last week or 2
630 as to a cyber attack on one of our pipelines here. I know
631 that that is almost a daily occurrence.

632 Why is it so important that DOE take a strong role in
633 coordinating the federal response? You may know that I have
634 a bill, H.R. 5175, the Pipeline and LNG Facility
635 Cybersecurity Preparedness Act, which would enhance DOE's
636 ability to coordinate pipeline security and emergency

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637 response. Can you work with us as we move that bill forward?

638 Secretary Perry. Yes, sir. Obviously, the world has
639 really changed from the standpoint of, and it is not just a
640 few times. It is thousands of times a day that there are bad
641 actors out there whether they are nation states or whether
642 they are just a single individual with ill intent in mind
643 that are trying to penetrate into systems all across this
644 country, some of them that could have catastrophic impact on
645 our ability to deliver energy.

646 It is the reason that we have asked for these additional
647 funds to stand up this office that we refer to as CESER or
648 Cybersecurity. I want to thank Joe Barton for the work that
649 he has done on reorg to help us from the standpoint of
650 modernizing the agency to look at the changes that have just
651 happened, let's say, in the last decade in this country
652 relative to the new energy resources we have available, the
653 infrastructure that we are going to need, and the security
654 and resiliency of that infrastructure, obviously including
655 the grid that is out there.

656 Mr. Upton. Thank you much. I would yield to the
657 ranking member, Mr. Rush.

658 Mr. Rush. Well, thank you, Mr. Chairman. Mr.

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659 Secretary, again I want to thank you for agreeing to meet
660 with me in the near future to discuss ways that we can ensure
661 that the Department of Energy reflects the nation's diversity
662 not only within the mid-level staff levels, but also within
663 the highest levels of the decision making process and
664 positions. With your help, Mr. Secretary, I want to ensure
665 that we have diverse perspectives structurally in the most
666 critical areas, and these areas include within your office,
667 the Institutional Review Board, the Energy Advisory Board,
668 the Senior Executive Service, now, and of course at the
669 highest levels of the national labs.

670 That said, Mr. Secretary, what is the justification for
671 cutting the Office of Energy Efficiency and Renewable Energy
672 by 70 percent from fiscal year 2018 levels? As you know,
673 energy efficiency is one of the few issue items that enjoys
674 widespread, bipartisan support here in the Congress.
675 Initiatives like the Weatherization Assistance Program are
676 extremely popular not only with policymakers here, but really
677 all across the country as it helps to conserve energy while
678 also lowering utility bills for low-income families. Why is
679 the administration proposing to cut or completely eliminate
680 these critical programs?

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681 Secretary Perry. Mr. Chairman, Ranking Member, thank
682 you. Let me address, you asked two questions. On the focus
683 on minorities and minorities at the DOE, I think we are
684 focused on that. Twenty seven percent of our entire
685 enterprise is made up by minorities. I think it is really
686 important to bring to the committee's attention that we also
687 have a focus on small business contracting at the
688 laboratories so that women-owned and minority-owned
689 businesses have the expertise to be able to make their way
690 through the myriad contracting issues that are there.

691 One of the other things I am really proud of is that we
692 have a program at the DOE to promote diversity in the STEM
693 area back in both high schools and colleges to be able to get
694 young diverse members of our society pointed in the right
695 direction, engineering, math, science, technology, those, and
696 I am really proud of what DOE is doing in that line. And I
697 want to come and sit down with you in your office and talk
698 more about this and the ways that we can do better.

699 Let me shift over to the EERE and to your concerns. And
700 I heard Mr. Pallone's concerns as well dealing with EERE and
701 the reductions there and I want to try to explain them in
702 this way and then have one comment at the end of that. One

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703 of the things that we have seen is that as technology has
704 become more mature, you know, for instance, both solar and
705 wind, and I try to remind folks that while I was the Governor
706 of Texas we produced more wind energy than any other state in
707 the nation, you know, passed up every state in the country
708 and produced more wind energy than five countries and I am
709 committed to having that diverse portfolio, but those are now
710 becoming mature in the sense of their market, marketability
711 and going to the market and being commercialized.

712 So the dollars that have historically been spent to
713 bring those up to the place where they can be mature, we
714 don't feel like those dollars need to be expended now. Are
715 there other areas that we need to be focused on and yes, grid
716 integration is a great example of it, energy storage, you
717 know, kind of beyond batteries, if you will. Another DOE
718 area that we are focusing on is in hydrogen R&D. Those are
719 early stage and that is where you are going to see us focused
720 with the dollars.

721 So, you know, we will always, you know, have a give-and-
722 take back-and-forth about are you spending enough here, are
723 you spending enough there, and I respect that. As a farmer
724 appropriator, as a farmer agency head, and then as a CEO as

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725 the governor, I really respect the authorizers, the
726 appropriators, and the administrative or the executive side
727 of this. I know what my job is, and my job is to work with
728 you, which I will do on a daily basis to find that
729 appropriate ground. But I will promise you this that where
730 you appropriate and where you authorize we will work to make
731 you very proud that we manage it absolutely the most
732 efficient way that it can be.

733 Mr. Rush. I yield back, Mr. Chair.

734 Mr. Upton. The chair would recognize the gentleman from
735 Oregon, a good state, Mr. Walden.

736 The Chairman. We are now a good state now, thanks.
737 Thank you, Mr. Chairman. And, Mr. Secretary, again thank you
738 for being here. Before I say anything we should also draw
739 attention to the fact it is Mr. Walberg's birthday today so
740 happy birthday -- from Michigan, the great state of Michigan.

741 Mr. Secretary, I want to start by talking about
742 Bonneville Power Administration. I appreciate your just most
743 recent comments about respecting the will of the authorizers,
744 which is what we are. So along those lines, this idea of
745 selling off the electric transmission assets and abandoning
746 cost-based rates proposal has been roundly rejected by

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747 virtually every member of the Pacific Northwest congressional
748 delegation. It is the one idea -- bad idea -- that unites
749 all of us in the Northwest. I am afraid this move could do
750 nothing but harm my constituents, drive up electricity costs,
751 hurt consumers across the region; so can you assure me the
752 DOE will leave Bonneville alone unless Congress provides
753 explicit authorization -- that authorization word again
754 there, Mr. Secretary.

755 Secretary Perry. Yes, sir.

756 The Chairman. Thank you. Now moving along, as you know
757 the Hanford Site is just across the river from many of my
758 constituents. And not only are safe and secure operations a
759 concern, and I appreciate your commitment not only to that
760 and the lab nearby but also the help to do the cleanup here,
761 the committee right now is working with the GAO to identify
762 some options for improving operational performance. Will you
763 work with us on this as we develop findings?

764 Secretary Perry. Yes, sir.

765 The Chairman. Thank you. Let me ask a broader
766 question. As we look at modernizing the Department we are
767 focusing on emergency and security issues, but also how the
768 Department can better expend its limited resources. We are

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769 also cognizant of the Department's vast technological
770 capabilities which can help accelerate innovation across
771 national security, energy, manufacturing, even medicine as
772 you have referenced in your testimony, but we also have to
773 watch our taxpayers' wallets. Can you speak to your support
774 of DOE's science, technology, computing facilities and how
775 best to enable innovation in the private sector while
776 tentatively managing limited taxpayer resources?

777 How are you going to balance all that because your labs
778 are doing amazing work. It is phenomenal. And for our
779 committee members, if you haven't interacted with these labs
780 we should figure out a way to do that and get some briefings.
781 It is really terrific, the work that is being done there.
782 So, Mr. Secretary, what can you tell us about how to balance
783 all that and where you are headed in terms of the direction
784 of the labs and, yes.

785 Secretary Perry. Technology transfer is, I think, one
786 of the real goals of this agency from the standpoint of
787 working with the labs and we are consolidating the EERE's
788 tech-to-market functions over in the office of Technology
789 Transfer. And just as a bit of a background I have a fairly
790 substantial amount of experience with that. We created some

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791 programs while I was the Governor of Texas, the Emerging
792 Technology Fund which basically is taking a very, very early
793 stage technology and getting it to the market.

794 So I have had some experience of dealing with that as
795 the Governor of Texas which, you know, I am not going to say
796 this is apples-to-apples, but the point is we have in place
797 the office of Technology Transfer and it is looking at how to
798 coordinate best practices across the complex and to, you
799 know, whether it is agreement provisions and abilities to
800 consider equities and licensing, I mean there is a host of
801 areas.

802 And I don't want to drill down all that deep, but the
803 point is we are sensitive to one of our goals in a limited
804 budget situation is to be able to help these technologies get
805 to maturation, if you will, or at least to the point where
806 they are ready to be commercialized in the private sector.

807 The Chairman. All right, good. And in conclusion for
808 my few minutes here, this work on reorganizing and
809 modernizing the structure of your agency is something that I
810 take seriously. It is a goal for our committee and I know
811 Mr. Barton is leading that effort and working with Mr. Rush
812 and others to get that done.

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813 So we take it seriously here, we want you to know that.
814 We look forward to a partnership to look at how to
815 reauthorize and modernize the agency. Our committee has a
816 pretty good track record looking at other agencies, and like
817 the FCC we reauthorized for the first time since 1990, your
818 agency is one that goes back before that. And so we look
819 forward to continuing to work with you on that effort and so
820 we want to move forward.

821 I will thank the chairman for this hearing and return
822 the balance of my time.

823 Mr. Upton. The gentleman yields back. The chair
824 recognizes the gentleman from New Jersey, Mr. Pallone.

825 Mr. Pallone. Thank you, Mr. Chairman. Mr. Secretary,
826 how many LNG export applications to Non-Free Trade Agreement
827 countries are currently pending before the DOE, if you will?

828 Secretary Perry. There is 19, correct? I think there
829 is 19.

830 Mr. Pallone. Do you believe that --

831 Secretary Perry. Let me, I will get you the --

832 Mr. Pallone. Yes. I will accept that. And if you want
833 to get back to me if you think it is slightly wrong, please
834 do. Do you believe that the DOE should continue to have a

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835 role in approving the LNG export applications, yes or no?

836 Secretary Perry. Yes, sir.

837 Mr. Pallone. And does the EPA, now I am talking about
838 the EPA, does the EPA play any role in DOE's public interest
839 determination process, yes or no?

840 Secretary Perry. I am sure they do, but I am no expert
841 on how the EPA functions, sir.

842 Mr. Pallone. Okay. Well, whether or not you agree that
843 the U.S. Government should be promoting exports of American
844 LNG that is an activity that would clearly fall within the
845 mission of your Department or maybe the Department of
846 Commerce. But as you know, I think late last year EPA
847 Administrator Scott Pruitt traveled to Morocco to pitch that
848 country on buying LNG from the U.S. Obviously I am very
849 concerned that that doesn't fall within the EPA's mission.
850 Do you think that this falls within EPA's mission?

851 Secretary Perry. Mr. Pallone, I am going to leave that
852 up to you. I try to stay in my lane as best I can. So again
853 as I shared with you, I don't know what EPA's statutory
854 responsibility and authorizations are relative to promoting
855 energy sales and/or what else might have been going on that I
856 don't know about on that trip. So I think it would be a

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857 little inappropriate for me to be making a, you know, public
858 or private observation about that.

859 Mr. Pallone. All right. Well, let me just ask. I
860 think I know your answer, but did you or your Department have
861 any role in Mr. Pruitt's Morocco trip?

862 Secretary Perry. Again there may have been some staff-
863 to-staff level conversations that I am not privy to, but from
864 the standpoint of Secretary-to-Secretary I don't recall any
865 conversations relative to an EPA trip to Morocco.

866 Mr. Pallone. All right, thank you. I just wanted to
867 point out that when Administrator Pruitt testified before
868 this committee late last year he used the phrase "core
869 mission" many times and argued that he was working to take
870 EPA back to focusing on its basic responsibilities. And I
871 found it strange that Administrator Pruitt thinks that
872 visiting foreign countries to promote the sale of fossil
873 fuels from private companies falls within the EPA's core
874 mission. I don't think it does.

875 But let me ask you a second question, Mr. Secretary. I
876 note that the Department has established a web page and email
877 address to accept public comments and requests regarding
878 emergency must-run orders under the Federal Power Act,

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879 section 202(c). And I am supportive of efforts to expand
880 public participation in government processes, however, I
881 don't see anything on that web page that indicates that these
882 comments, whether as-is or redacted, will be posted for the
883 public to see.

884 You know, if you want me to repeat this I will, but I am
885 basically trying to get a commitment from you to posting the
886 comments you receive on your website or at the very least
887 providing this committee in real time the comments you
888 received on this matter for all of us here to review. Is
889 that something you can commit to?

890 Secretary Perry. Yes, sir. And I think we have a place
891 for public comments because this 202(c) is just now being
892 analyzed and I don't think we even have a process in place
893 yet for the public --

894 Mr. Pallone. You do have on the website a page and
895 email address to accept public comments and requests
896 regarding the Federal Power Act section 202, but I just want
897 to make sure that they will be posted for the public to see.
898 That is what I am asking.

899 Secretary Perry. Yes, sir. We will.

900 Mr. Pallone. All right, thank you so much. I yield

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901 back.

902 Mr. Upton. The chair recognizes the vice chair of the
903 Energy Subcommittee, the gentleman from Texas, the good state
904 of Texas. Oh, Mr. Barton, I am sorry. Mr. Barton, I
905 recognize Mr. Barton, the vice chair of the full committee.

906 Mr. Barton. All right. Well, you sometimes are too
907 many Texans, right?

908 Mr. Upton. Mr. Barton, whose picture is right above you
909 on the right, is recognized for 5 minutes.

910 Mr. Barton. As Mr. Upton's is right up there.

911 First of all, welcome, Mr. Secretary.

912 Secretary Perry. Yes, sir.

913 Mr. Barton. I think you and I should acknowledge at the
914 beginning that our basketball team got hammered by Mr.
915 Upton's team in the Sweet 16.

916 Mr. Upton. One point.

917 Mr. Barton. One, we got beat 27 points. My lord, they
918 put it to us. So I know I can't speak for Secretary Perry,
919 but I wasn't real happy that afternoon.

920 Mr. Upton. Thinking about Houston that was the three-
921 pointer there.

922 Mr. Barton. Yes, the game before you barely won, you

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923 put the wood to us. Anyway, we are glad to have you, Mr.
924 Secretary.

925 Secretary Perry. Yes, sir.

926 Mr. Barton. I am tempted to go down the rabbit hole
927 that Mr. Pallone introduced about your colleague at the EPA,
928 but I don't think so. I will say on my own behalf that any
929 Cabinet Secretary that encourages things that are of
930 strategic interest to the United States of America in his
931 overseas travels is not necessarily a bad thing. And I am
932 glad to learn that Mr. Pallone agrees that there are limits
933 to what EPA should be involved with. So in that sense it was
934 a good exchange.

935 I want to ask a few budget questions, but I am going to
936 ask one policy question. You probably can't read this. This
937 is today's business section of the Wall Street Journal. It
938 says oil hits highest price since 2014. I am sure you read
939 that before you came up here. And inside it has another
940 article about Treasury bonds are beginning to inch up and
941 tension in the marketplace over that.

942 What, if anything, should the Department of Energy under
943 your stewardship do with the Strategic Petroleum Reserve to
944 try to, I am not going to say manage the market, but make

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945 sure oil prices don't go too high in the near term, if
946 anything?

947 Secretary Perry. Well, Mr. Chairman, I think one of the
948 things that DOE needs to do and can do from the standpoint of
949 making sure that there is a ready supply of energy, whether
950 it is renewables, whether it is hydro, whether it is nuclear,
951 whether it is coal, whether it is natural gas, the Strategic
952 Petroleum Reserve, I think you bring up a really interesting
953 opportunity for this body and for Congress and the
954 administration to have, and obviously the public to have an
955 open conversation about is the SPRO the way that it is
956 structured today the proper structure? Is there enough, too
957 much? Is the operation of it on a yearly basis, the cost of
958 the upkeep of that in our best interest?

959 I will leave that to all of us, collectively, to have
960 that conversation. But it was put in place after World War
961 II and there may be, and after the shortage of the '70s when
962 we saw the need for that really exploding, if you will. And
963 I think the question now is that with the resources that the
964 United States has with the new innovation, with the new
965 energy portfolio that we have, does the Strategic Petroleum
966 Reserve need to stay in its current form? I am not ready to

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967 sit here and tell you I know the answer to that, but I think
968 it is important the issue that you brought up that we need to
969 have that conversation.

970 Mr. Barton. The GAO has done a study of the Strategic
971 Petroleum Reserve and it basically says we need to do more
972 study. You and I are going to meet next week and I think we
973 are also going to have the staff begin to meet also with our
974 friends on the minority side and that will be something that
975 we bring up.

976 I have a few quick just dollar questions since this is -
977 -

978 Secretary Perry. I will try to give you yes or no
979 answers, sir.

980 Mr. Barton. Yes. Do you support us funding Yucca
981 Mountain, us, the government, funding Yucca Mountain? I hope
982 you say yes.

983 Secretary Perry. The dollars that you all are going to
984 appropriate we will spend efficiently and appropriately, yes.

985 Mr. Barton. Okay, finally, we have a Northeast Home
986 Heating Oil Reserve that I put into a bill with Congressman
987 Markey back in, oh, about 10 years ago. We spend \$10 million
988 a year on it. It has never been used. Is that maybe

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989 something we could save a little money on?

990 Secretary Perry. Well, certainly, you know, when you
991 have dollars sitting in an account that is not being used it
992 is --

993 Mr. Barton. Something to look at.

994 Secretary Perry. Yes.

995 Mr. Barton. Okay. And you have 159 million in your
996 budget for something called Legacy Management. Do you happen
997 to know what that is?

998 Secretary Perry. Yes, sir. Those are areas that older
999 facilities that, on the cleanup side that is over in EM.

1000 Mr. Barton. I am very proud that you knew what it was.

1001 Secretary Perry. Yes, sir. The Cold War cost a lot of
1002 money as did the Manhattan Project. Still costing us a lot
1003 of money but it was worth it, sir.

1004 Mr. Barton. Let's see if we can save some money there.

1005 Thank you, Mr. Chairman. And thank you, Mr. Secretary.

1006 Mr. Upton. The gentleman's time is expired.

1007 The gentleman from California, Mr. McNerney.

1008 Mr. McNerney. I thank the chairman.

1009 Mr. Secretary, I really appreciate your interest in
1010 veterans issues and particularly using science and computing

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1011 power to make advances in PTSD and traumatic brain injuries
1012 and other veteran-centric issues and I look forward to any
1013 collaboration --

1014 Secretary Perry. Yes, sir.

1015 Mr. McNerney. -- between us in the future. There is
1016 two issues I want to bring up today. One is resiliency of
1017 the electric grid, especially in the face of the wildfires we
1018 had in California, and other threats that we are seeing and
1019 ARPA-E funding. Regarding resilience, does the DOE have any
1020 tools to help ensure resilience despite some of the gaps we
1021 have in our current law? Are there any tools that we can use
1022 that you can use to help us make our grid more resilient to
1023 these things in California and elsewhere?

1024 Secretary Perry. Obviously the test grid, if you will,
1025 at Idaho National Lab is one of the resources that we have
1026 available where we can literally go in and break that grid
1027 and to see what happens and how to address it.

1028 Mr. McNerney. Well, I think, you know, what I am really
1029 thinking about is federal tools to work between the DOI and
1030 the Forest Service to ensure rights of way so that brush can
1031 be cleared in federal lands, those kind of things.

1032 Secretary Perry. I am sorry. I was going down a

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1033 different path here.

1034 Mr. McNerney. Sure.

1035 Secretary Perry. Let me get back to you. I don't off
1036 the top of my head know that we have any resources available
1037 for that specific --

1038 Mr. McNerney. Or authorities.

1039 Secretary Perry. Or authority, yes, sir.

1040 Mr. McNerney. Thank you.

1041 Secretary Perry. But I will get back to you.

1042 Mr. McNerney. Well, the current budget proposal reduces
1043 funding for resilience and reliability from 89 billion in
1044 2017 to 61 billion in 2019. And we have seen an increase in
1045 some of these threats, wildfires, hurricanes, storms and so
1046 on, so that budget direction seems to be going the wrong way.
1047 I mean I think we need increase in that so that is a point of
1048 recommendations.

1049 Secretary Perry. Yes, sir. Mr. McNerney, I don't want
1050 to quibble with you about the issue of is it a reduction of
1051 dollars or, one of the things that we have done, I believe,
1052 in that particular line item is that we bifurcated it. And
1053 that is where cybersecurity, and we split that historic line
1054 item up and are creating this new office of cybersecurity

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1055 emergency response and that has an 8.3 percent, yes sir, I
1056 think that is right. It has a substantial increase over on
1057 that side and you may be seeing the EERE budget that is
1058 lower.

1059 But the commitment to resiliency and to reliability from
1060 my perspective has actually increased. And so let me come
1061 over and sit down with you and we can look at this a little
1062 closer to make sure that -- I know what you want to do and I
1063 want to get to the same place that you are. I think the
1064 membership wants to get from the standpoint of making sure
1065 that we have the resiliency, the reliability in our grid.

1066 Mr. McNerney. And of course then that applies to the
1067 whole country not just to California.

1068 Secretary Perry. Yes, sir.

1069 Mr. McNerney. Regarding ARPA-E, this program is
1070 designed to help keep the United States at the forefront of
1071 energy innovation. Energy innovation, I think that is a key
1072 element in ensuring our strong market position on energy
1073 issues. How determined is the administration in eliminating
1074 this program?

1075 Secretary Perry. It shows up on the budget. I am a
1076 good enough historian that we are going to do what the

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1077 Congress wants to do on this. As a former CEO of the State
1078 of Texas I put some budgets forward from time to time that
1079 actually had zero line items in them. And --

1080 Mr. McNerney. That is kind of the same answer you gave
1081 6 months ago so.

1082 Secretary Perry. Yes, sir. And that was not
1083 particularly well received by the appropriators.

1084 Mr. McNerney. Okay. Mr. Secretary, do you support
1085 robust funding for fusion energy research and development?

1086 Secretary Perry. Yes, sir.

1087 Mr. McNerney. Thank you. Your predecessor was deeply
1088 involved in the negotiations for the Iran nuclear agreement.
1089 This administration has considered scrapping that agreement.
1090 Are you involved in those deliberations?

1091 Secretary Perry. Well, being on the National Security
1092 Council yes, sir, to some degree. I would not put myself as
1093 the lead negotiator, but certainly am involved with the
1094 conversations generally in rooms that we can't be having
1095 conversations with here.

1096 Mr. McNerney. Can you disclose your opinion on that?

1097 Secretary Perry. Well, I think like any of our deals
1098 whether it is NAFTA, whether it is JCPOA, whether it is the

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1099 negotiations that are ongoing with Saudi Arabia for a civil
1100 nuclear agreement, we need to get the best agreement that we
1101 can get. I think one of our main responsibilities is to, in
1102 the nonproliferation area is to make sure that the fewer
1103 individuals who have access to those types of materials that
1104 can be made into weapons we need to restrict that so.

1105 Mr. McNerney. I mean the agreement is already in place.

1106 Secretary Perry. I understand that, but so is NAFTA and
1107 we are renegotiating NAFTA. So I think the administration's
1108 point is can we re-engage and get a better deal. I don't
1109 have a problem in the world with that no matter what it might
1110 be, whether it is NAFTA, whether it is JCPOA. I mean
1111 renegotiating I mean we have people renegotiating LNG deals
1112 that they signed 3 years ago.

1113 Mr. McNerney. I think the chairman is going to cut us
1114 off here so thank you.

1115 Secretary Perry. I know. Yes, sir. Thank you.

1116 Mr. McNerney. Thank you, Mr. Secretary.

1117 Mr. Upton. The chair recognizes now the vice chair of
1118 the powerful Energy Subcommittee, Mr. Olson, from the great
1119 state of Texas.

1120 Mr. Olson. I thank the chair.

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1121 And, Secretary Perry, a big old Texas howdy.

1122 Secretary Perry. Howdy.

1123 Mr. Olson. It is great to have you back before the
1124 panel. As a personal note, I am glad you did not leave DOE
1125 for VA as was rumored. Houston Texans are happy to have your
1126 hat hang where it is hanging today.

1127 Secretary Perry. Yes, sir.

1128 Mr. Olson. I want to talk about section 202(c) of the
1129 Federal Power Act. I was one of the members of last Congress
1130 to lead an effort to amend section 202(c). That change was
1131 signed into law. The intent was limited. Talking about,
1132 quote, continuance of war, end quote, or a, quote, sudden
1133 increase in demand for electric energy, or a shortage of
1134 electric energy, end quote, there have been proposals to help
1135 failing coal and nuclear plants through section 202(c). I
1136 support coal and nuclear power and I believe we have to have
1137 a diverse grid. Hurricane Harvey showed that dramatically.

1138 In my district, as you know, NRG's Parish power plant
1139 has four coal generators and four natural gas generators.
1140 Fifty inches of rain or more wiped out that coal, made it
1141 wet. They ramped up natural gas production at that facility.
1142 Forty miles south is the South Texas Nuclear power plant in

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1143 Bay City. That never had a flicker despite having the brunt
1144 of Harvey's force. Could you please talk about your view of
1145 section 202(c) and the powers it gives you?

1146 Secretary Perry. Yes, sir. And if I may, I would like
1147 to go back and just if I could very quickly clarify a
1148 conversation with Mr. Pallone where we talked about the email
1149 address on the 202(c) comments. And we have an address that
1150 is on our website that is the destination for correspondence
1151 for this and future applications. So it is not a formal
1152 comment period because there has been no formal comment
1153 opened up so I just wanted to clarify that.

1154 The 202(c) is in place and I think you did a very good
1155 job, Mr. Olson, of basically laying out why a 202(c) could be
1156 used in this case. When we look at national security in
1157 particular, if you are in New York City and Wall Street were
1158 to lose power, I think anyone would say that puts our
1159 national security in jeopardy. We have military bases in a
1160 lot of different places around the country that rely upon
1161 their energy from the grid. Losing power to that grid would
1162 put our national security at risk.

1163 So this administration looks at the national grid and
1164 the resiliency of it as well as the reliability of it as a

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1165 national security issue. Having a very broad portfolio of
1166 renewables, of natural gas, of coal, of nuclear, of hydro,
1167 those are, we think, instrumental in being able to send the
1168 message across this country that whether it is in your
1169 private life or whether it is in your public life and I am
1170 talking about national security at that particular point in
1171 time versus, you know, why should anyone be put in the
1172 situation of having to choose between turning the lights on
1173 and keeping my family warm.

1174 And this administration believes strongly that if we
1175 don't have a diverse portfolio and to try to keep these
1176 plants online obviously doing it with as much sensitivity as
1177 we can to the environment, and again in my opening remarks I
1178 made a comment that with 14 percent decrease in carbon
1179 emissions in this country that is leading the world. So the
1180 innovation and the technology that we have coming out of this
1181 country, but it is imperative that we don't allow political
1182 decisions to be made relative to our electrical, or excuse
1183 me, our power security in this country.

1184 Mr. Olson. Yes, sir. One further question on India, I
1185 went there last week on a mission to talk about LNG being
1186 exported to the great nation of India and they were gushing,

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1187 guess who is coming this week or the next couple days,
1188 Secretary Rick Perry. You get there and find out that Prime
1189 Minister Modi has a very aggressive plan to clean up their
1190 extremely dirty air and that is with renewables, mostly wind
1191 and solar.

1192 But the energy minister and their foreign secretary
1193 stated over and over that LNG natural gas is the economy of
1194 the now. The future is renewables. As you know, we have had
1195 a private contract between Cheniere and a company, a group
1196 called GAIL, there in India to export approximately seven
1197 metric tons of liquefied natural gas over the next 20 years.
1198 We agree that to make this viable and to make that transition
1199 they want to make they have to have better battery power,
1200 better storage and better power lines, and also make wind
1201 viable. So I want you to take that technology message to
1202 them. We are going to help you. And so any comments about
1203 your trip to India?

1204 Secretary Perry. Yes, sir. 2 weeks ago, the first
1205 molecules of U.S. natural gas arrived at GAIL. I think the
1206 issue for them is to build out their infrastructure to be
1207 able to move that gas around. Not unlike, Mr. Chairman, what
1208 we have in this country. Yes, we are way ahead of them, but

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1209 the point is if you are really going to be able to satisfy
1210 the economic needs and satisfy the national security needs of
1211 your people you are going to have to have the distribution
1212 system as well.

1213 So that is another area. U.S. pipeline technology, U.S.
1214 pipeline companies, I think there is a real opportunity in
1215 not just India, but India is obviously a huge market in our
1216 ability to deliver U.S. innovation, U.S. natural resources
1217 into that country are a great opportunity and that is the
1218 real driving factor of why we are headed that way.

1219 Mr. Olson. Namaste. I yield back.

1220 Mr. Upton. The chair recognizes the gentleman from
1221 California, Mr. Peters.

1222 Mr. Peters. Thank you, Mr. Chairman.

1223 And I thank you, Mr. Secretary, for being here. I have
1224 the exact quote I will just read to you. When I asked you
1225 about the budget that was proposed by the President you said
1226 I didn't write this budget, my job is to defend it which from
1227 time to time is counter to what I think is good. So I know
1228 you are here to do a job, but maybe we can --

1229 Secretary Perry. Yes, sir.

1230 Mr. Peters. -- get some of your personal opinions on

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1231 this. The budget makes cuts to the Office of Science which
1232 includes an important project named the International Thermal
1233 Nuclear Experimental Reactor which is sometimes referred to
1234 as ITER. Here is a program where the United States is one in
1235 an international partnership developing energy of the future
1236 by proving we can make fusion work. The U.S. contributes 9
1237 percent of the project funding, but 80 percent of it is spent
1238 in the United States and we have access to a hundred percent
1239 of the intellectual property. And perhaps most important,
1240 when the technology is proven we can be part of the group
1241 that has ownership with monetizing capabilities instead of
1242 being a country that has to buy into the group.

1243 So with all these benefits, why does the budget cut
1244 contributions to ITER?

1245 Secretary Perry. Mr. Peters, I think the basic
1246 messaging here on the reduction in that line item was, this
1247 is my observation just being a manager and having been in
1248 negotiations before, it was really poorly managed. And I
1249 think you know that. You all have been briefed on it. The
1250 previous management of ITER was very, very poor. They wasted
1251 a lot of money.

1252 And they have new management in there. Mr. Bigot came

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1253 over and we sat down and discussed this. I was impressed
1254 with his focus, his understanding, his recognition of the
1255 poor management before. We have as a matter of fact out of
1256 your district a couple of projects that are being funded, the
1257 Solenoid, \$75 million, and I think another aspect of the
1258 project that is ongoing that General Atomics is the
1259 deliverer, the manufacturer of and we certainly support that
1260 and are funding that.

1261 But with that said, if this committee and if Congress in
1262 a whole get comfortable along with obviously the
1263 administration, that it is headed in the right direction, we
1264 will make sure that the U.S. dollars that are expended there
1265 are expended properly and that there is good oversight and
1266 that we have the proper outcomes that we would be looking
1267 for.

1268 Mr. Peters. I appreciate the comment about the
1269 management. That is fair. Now that we have improved that, I
1270 certainly hope we appreciate the leverage that we get out of
1271 this potential.

1272 Secretary Perry. Yes, sir. Thank you.

1273 Mr. Peters. And so just outside my district, San Diego
1274 Gas & Electric built and it runs the largest lithium ion

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1275 battery in the world as part of its grid operations. It is
1276 proving that projects like this can be a valuable part of the
1277 grid particularly for resiliency and safety. How does the
1278 DOE budget ensure new technologies for grid resiliency can be
1279 implemented and tested properly?

1280 Secretary Perry. And that goes right to the heart of
1281 our both Office of Science, Paul Dabbar, who is now the
1282 assistant secretary there I have great faith in his focus,
1283 and particularly we are supporters of, I have said before,
1284 the battery storage, the holy grail of electric power. I
1285 believe that. DOE and DOE labs working with private sector
1286 organizations like your constituents or right outside of your
1287 district are going to be key to that. So I am confident that
1288 what is happening in our national labs, the funding of those
1289 is appropriate to meet the needs of the battery challenges
1290 that face us.

1291 Mr. Peters. Thank you. And just with respect to NAFTA,
1292 do you think that the disruption of NAFTA will have a
1293 negative impact on energy prices for Americans and supplies
1294 for U.S. energy companies who sell to Mexico and Canada, even
1295 the way we talk about it right now?

1296 Secretary Perry. Not necessarily. I think generally

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1297 speaking people are able to divorce the rhetoric with
1298 reality. For instance, Ray Washburne, who is the head of
1299 OPIC, he and I have had conversations with my counterpart in
1300 Mexico and private sector operators in the U.S. and their
1301 Mexican counter partners, if you will, to invest in Mexico's
1302 energy infrastructure. So I feel confident. I think there
1303 is an extraordinary opportunity there.

1304 Mr. Peters. I am going to run out of time. I
1305 appreciate what you say about rhetoric. I have got to tell
1306 you that NAFTA is so important --

1307 Secretary Perry. Yes, sir.

1308 Mr. Peters. -- to our country and to my district in
1309 particular and I understand the talk about improving it. I
1310 think we had more leverage when we were dealing with 11 other
1311 countries. We could offer more to Mexico. But I certainly
1312 don't want to go backwards and some of the talk is, it looks
1313 like rhetoric is turning into policy and it concerns me. I
1314 just want to express that to you.

1315 Secretary Perry. Mr. Peters, just as an aside, every
1316 time I see Ambassador Lighthizer I tell him we have got to
1317 get a deal. Get a good deal, but we have got to get a deal.

1318 Mr. Upton. Mr. Latta?

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1319 Mr. Latta. Thank you, Mr. Chairman. And, Mr.
1320 Secretary, thanks very much for being with us again today. I
1321 really appreciate seeing you. And I think it is really
1322 important, because also in reading your testimony about
1323 cybersecurity it is a big issue and in recent weeks we have
1324 read news stories about malicious agents working to undermine
1325 the safety and security of our nation's energy
1326 infrastructure. According to the Department of Homeland
1327 Security, this includes Russian cyber attacks that have
1328 remotely targeted the power grid, energy, nuclear, and
1329 commercial facilities in critical manufacturing sectors.
1330 More recently, we have seen cyber attacks against the
1331 electronic communication systems of several American pipeline
1332 companies. DHS is still working to determine who is
1333 responsible for these specific attacks.

1334 And I believe from your response from the chairman of
1335 the subcommittee, the gentleman from Michigan, that you would
1336 agree that more needs to be done to address these attacks on
1337 our energy infrastructure. Is DOE working with DHS to
1338 identify the vulnerabilities that were exploited through
1339 these attacks and rectifying them and, if so, can you tell us
1340 what might be done and what is being done?

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1341 Secretary Perry. Well, there is nothing more essential
1342 to America's national interest and for that matter our
1343 national and security than our energy supply. The Department
1344 of Energy plays a very important role with that. We are the
1345 specific agency that deals with the energy side of
1346 particularly grid security, but we are also working with the
1347 other sectors, or not the other sectors but the other
1348 agencies as well, DHS, Department of Transportation, and DHS
1349 and Transportation Department leads cybersecurity support to
1350 pipelines. DOE works closely with them and other departments
1351 and we have some other stakeholders to protect the energy
1352 sector including the secure transport of our oil and gas. So
1353 we recognize the real challenges there.

1354 One of the reasons that we are asking for the additional
1355 dollars to stand up this office of cybersecurity that we
1356 refer to as CESER, C-E-S-E-R, is so that we can focus the
1357 resources, use our national labs, working with these other
1358 agencies of government, to assure the American people that we
1359 have done everything within reason possible to protect the
1360 American people from these cyber attacks that are only
1361 increasing in intensity and frequency.

1362 Mr. Latta. Thank you. Given the nature of these

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1363 threats, I believe it is more important than ever that
1364 Congress acts. That is why I have worked with my colleague,
1365 Representative McNerney, to introduce two bipartisan pieces
1366 of legislation to address the threat of cyber attacks. These
1367 two bills, H.R. 5239, the Cyber Sense Act, and H.R. 5240, the
1368 Enhancing Grid Security Through Public-Private Partnerships
1369 Act, was the subject of a legislative hearing held in this
1370 subcommittee last month.

1371 Under H.R. 5239, the Secretary of Energy would be
1372 directed to establish a voluntary cyber sense program to
1373 identify and promote cyber secure products intended for these
1374 in the bulk power system. And do you believe that this
1375 policy would help improve the safety and security of our
1376 energy infrastructure and address these threats?

1377 Secretary Perry. It certainly on its face sounds like
1378 it. We will work with you in any way that we can to flesh
1379 out any details and information that we have privy to.

1380 Mr. Latta. I really appreciate that. Thank you. And
1381 along with Representative McNerney, I am also the co-chair of
1382 the Grid Innovation Caucus here in the House. The purpose of
1383 this caucus is to discuss the challenges facing the electric
1384 grid and to come up with ways that we can enhance its

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1385 capabilities and securities. In addition to guarding against
1386 the threat of cyber attacks, will you go into more detail
1387 about other ways in which DOE is trying to improve the
1388 electric grid's capabilities to protect it from these cyber
1389 attacks?

1390 Secretary Perry. Yes, sir. We will work with you in --

1391 Mr. Latta. Well, I really appreciate it. Thank you
1392 very much, Mr. Chairman. I yield back the balance of my
1393 time.

1394 Mr. Upton. The gentleman from Pennsylvania is
1395 recognized.

1396 Mr. Doyle. Thank you, Mr. Chairman.

1397 Mr. Secretary, welcome back.

1398 Secretary Perry. Mr. Doyle.

1399 Mr. Doyle. Like many on this panel, I am greatly
1400 concerned by the premature closures of nuclear plants around
1401 this country. John Hanger who was former Secretary of the
1402 DEP in Pennsylvania and head of the Public Utility Commission
1403 in my state put it succinctly. He said there are now 18
1404 nuclear units that have closed or are scheduled for closure
1405 in the last 5 years. Three are in my state of Pennsylvania,
1406 Beaver Valley I and II, and Three Mile Island. Those three

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1407 nuclear units generated 22 terawatt hours of energy in 2017,
1408 all the wind and solar in Pennsylvania generated 4 terawatt
1409 hours in 2017. This is putting my state at the edge of a
1410 clean air climate disaster.

1411 Secretary Perry, I echo his concerns and would add that
1412 these nuclear plants not only provide good family supporting
1413 jobs, but also affordable, reliable, and greenhouse gas-free
1414 electricity. I just saw an interesting study that has come
1415 out by a think tank The Third Way that takes a look at the
1416 effect of these retirements of the nuclear portfolio and how
1417 it affects our ability to meet our climate change goals to
1418 reduce greenhouse gases below, 80 percent below 2005 levels
1419 by 2050. It would be virtually impossible for us to make
1420 that up, because as every nuclear plant retires even if we
1421 start, you know, greatly upping our renewables, they would
1422 have to make up for that loss before we start to add more
1423 carbon-free energy to our cycle. So I think it is a real
1424 problem.

1425 I know FirstEnergy recently filed this 202(c) request
1426 with your Department and I saw you quoted as saying than that
1427 may not be the most appropriate and efficient way to deal
1428 with this, but it is not the only way. And while I applaud

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1429 your caution on the 202(c) request, I am curious what other
1430 options you think are on the table. Is this something that
1431 can be settled at DOE or in Congress or at FERC? What are
1432 the other ways that this might be dealt with?

1433 Secretary Perry. Mr. Doyle, let me just say you are
1434 absolutely correct, very prescient in your observation about
1435 this country and the ability to deliver the energy needs with
1436 the premature in particular taking offline of coal and
1437 nuclear plants. I, like you, share a great concern about our
1438 ability to stay economically viable, but more importantly
1439 from a national security standpoint of taking care --

1440 Mr. Doyle. And an environmental standpoint if we are
1441 ever going to meet our goals for climate change.

1442 Secretary Perry. Absolutely. So to address the
1443 specific question, if you will recall, I want to say 6, 7
1444 months ago, we put a 403 request in to the Federal Energy
1445 Regulatory Commission, to FERC, which we thought was an
1446 appropriate way to address this. They obviously did not.
1447 202(c) is an option. You know, I would like to work with you
1448 and members of Congress on any other options that are out
1449 there that are reasonable that get the result of which we
1450 need in the result from my perspective is a diverse

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1451 portfolio. And let me just add, I think it is really
1452 important for this country to have a nuclear, civil nuclear
1453 program in place. Too many previous administrations made
1454 some decisions that from my perspective put particularly the
1455 nuclear energy industry in jeopardy and we now see the
1456 results of that whether it was regulations, whether it was,
1457 you know, not supporting them in various --

1458 Mr. Doyle. Mr. Secretary, I would be happy to work with
1459 you on ideas to ensure that we keep our nation's leading
1460 source of carbon-free power online.

1461 Let me ask you another question. Existing energy
1462 markets they don't seem to consider the environmental
1463 attributes of nuclear power, but there are some states like
1464 New York and Illinois that have implemented strategies
1465 focused on ensuring that the environmental benefits of
1466 nuclear are recognized. Other states, including mine in
1467 Pennsylvania, are considering similar strategies, but I
1468 understand that some parties are proposing rule changes at
1469 PJM that could punish these states by making it more
1470 difficult for certain plants or units to participate in the
1471 markets. Do you think that is good policy?

1472 Secretary Perry. I think any policy that restricts your

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1473 diversity of your energy portfolio is not necessarily good
1474 policy. I think it is shortsighted.

1475 Mr. Doyle. I see my time is up. Thank you, Mr.
1476 Chairman.

1477 Mr. Upton. Mr. Shimkus?

1478 Mr. Shimkus. Thank you. Mr. Secretary, welcome. Since
1479 you appeared before us, our nation's nuclear waste management
1480 has passed a few notable anniversaries. December marked the
1481 35th anniversary of passage of the Nuclear Waste Policy Act
1482 of 1982 which formalized the federal government's nuclear
1483 waste management program, as well as the 30th anniversary
1484 when Congress designated Yucca Mountain in Nevada the site as
1485 the location of our nation's first repository. Of greater
1486 consequence, January 31st marked the 20th anniversary from
1487 the year in which DOE was legally required to take title to
1488 spent nuclear fuel for disposal at Yucca Mountain. Since
1489 then American taxpayers have been paying billions of dollars
1490 to manage spent nuclear fuel in 121 communities around the
1491 country.

1492 Secretary Perry, I would like to run through a few
1493 numbers with you quickly, and you probably know some of these
1494 and we can just kind of stick to the numbers because I have

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1495 another question I want to get to.

1496 Secretary Perry. Yes, sir.

1497 Mr. Shimkus. As of the end of fiscal year 2017, what is
1498 the approximate amount rate payers paid into the Nuclear
1499 Waste Fund to construct/oversee our nuclear waste management
1500 program?

1501 Secretary Perry. It is approaching \$40 billion. I
1502 think it is about 37, 37.7 billion.

1503 Mr. Shimkus. And those are rate payers, people from
1504 states that had nuclear power that have paid in to solve this
1505 problem.

1506 Secretary Perry. That is correct.

1507 Mr. Shimkus. How much did the value of the Nuclear
1508 Waste Fund increase during fiscal year 2017?

1509 Secretary Perry. Almost 2 billion, I think 1.7 billion
1510 is the specific.

1511 Mr. Shimkus. That is the accrued interest on the base
1512 of the account.

1513 Secretary Perry. Right.

1514 Mr. Shimkus. As of the end of fiscal year 2017, what is
1515 the total cumulative liability cost including future payments
1516 because Yucca Mountain is not yet open?

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1517 Secretary Perry. Just a touch over \$34 billion.

1518 Mr. Shimkus. So that is payments that we are liable for
1519 because we are not complying with law.

1520 Secretary Perry. That is correct.

1521 Mr. Shimkus. And you are saying then the 30-plus
1522 billion.

1523 Secretary Perry. Yes.

1524 Mr. Shimkus. How much did American taxpayers pay in
1525 legal costs during the fiscal year 2017 because Yucca
1526 Mountain is not open?

1527 Secretary Perry. \$700 million.

1528 Mr. Shimkus. So for my colleagues, we move this bill,
1529 this an issue I am fighting with appropriators and
1530 budgeteers. This is money that taxpayers are paying that is
1531 really not on the books and it accrues to almost \$800
1532 million. What was the total increase in fiscal year 2017 in
1533 taxpayer liability in both actual payments as well as future
1534 projected liabilities?

1535 Secretary Perry. That one grew substantially, \$3.3
1536 billion.

1537 Mr. Shimkus. If you break this total cost down to a
1538 daily cost to taxpayers that escalated during just last year

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1539 how much are taxpayers liable for on a daily basis?

1540 Secretary Perry. \$9 million per day.

1541 Mr. Shimkus. That is a day. That is money that we
1542 could do, help our national defense, Title I programs,
1543 anything. That is just being paid because we are not
1544 complying with the law. So when people wonder why I get so
1545 focused, these are some of the reasons why. Last question in
1546 this area, how much was provided to the Department in fiscal
1547 year 2017 -- and I think I can add 2018 now -- from the
1548 Nuclear Waste Fund for DOE to move forward with our Nuclear
1549 Waste Program and ultimately reduce our taxpayers' legal
1550 payments?

1551 That is a zero, I am assuming. Not a one, it is a zero.

1552 Secretary Perry. That is a zero.

1553 Mr. Shimkus. Okay. And that is our liability as
1554 authorizers to push our appropriators to do what --

1555 Secretary Perry. And, I think, Mr. Shimkus, that is the
1556 reason that we requested, the administration requested \$110
1557 million for the legal process to go forward, to be able to
1558 get the answer of whether or not this facility is in fact
1559 what you all in Congress have said it is.

1560 Mr. Shimkus. Yes. So the appropriation money is really

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1561 to do the final adjudication with the Nuclear Regulatory
1562 Commission with you as an intervener with the State of Nevada
1563 to clarify the science. And that is the last part before we
1564 can then really start moving and addressing this.

1565 With my 30 seconds left, I won't read the whole question
1566 but you have talked about the DOE and the great work it does.
1567 Obviously I am also very much engaged in the renewable fuel
1568 debate in this country. DOE has done a lot of good work on a
1569 study, I have quoted it before, the Co-Optima study. Are you
1570 familiar with it and what is your thoughts on it?

1571 Secretary Perry. Say it again, sir?

1572 Mr. Shimkus. The Co-Optima study?

1573 Secretary Perry. I am not.

1574 Mr. Shimkus. It is the high octane, it basically is
1575 addressing the high octane issue. We have a hearing
1576 tomorrow.

1577 Secretary Perry. I will get up to speed on it and get
1578 back with you and have a conversation.

1579 Mr. Shimkus. Not a problem, I appreciate your time.
1580 Thank you.

1581 Secretary Perry. Yes, sir.

1582 Mr. Upton. The gentlelady from Florida.

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1583 Ms. Castor. Thank you, Chairman Upton. Good morning,
1584 Secretary Perry. Yesterday in our Oversight Committee we had
1585 Bruce Walker, your Assistant Secretary of Electricity
1586 Delivery and Energy Reliability who gave us an update on
1587 restoration of the grid in Puerto Rico. And I think everyone
1588 was very heartened by what he had to say and what the
1589 Department is doing to build a more resilient grid, a more
1590 modern grid, tapping the expertise of our national
1591 laboratories and working with private sector partners and
1592 researchers there on the ground.

1593 And now Congress has provided the funds and overridden
1594 some of the language in the Stafford Act that says you have
1595 to just rebuild what was there, which if we did that that
1596 would not protect the taxpayers. So thank you and we will be
1597 watching for the modeling he said is necessary to do
1598 something very innovative there.

1599 But then we get the budget request. And I am very
1600 concerned about how anti-consumer the administration's budget
1601 request is by eliminating our weatherization initiatives and
1602 energy efficiency initiatives that really help put money back
1603 in the pockets of consumers. This will hurt real people out
1604 there in the world. And then it is a budget request that

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1605 sidelines science with devastating proposed cuts to clean
1606 energy research, smart grid R&D, and energy storage.

1607 And I think in doing this kind of budget request really
1608 cedes America's leadership and it says to consumers you are
1609 going to have to pay more. And you know how competitive we
1610 are out in the world, it just doesn't meet the challenges
1611 that we currently face with the cost of the changing climate
1612 and watching the transformation in the energy sector.

1613 The EIA has said wind, solar, and hydro now account for
1614 18 percent of the energy generation in America. Solar is the
1615 fastest growing source of new energy worldwide because of its
1616 declining cost. And yet, and you have said it yourself in
1617 testimony energy storage is the Holy Grail and yet what you
1618 said certainly doesn't match the budget request because
1619 developments and innovations in energy storage are absolutely
1620 crucial for modernizing our electric system.

1621 The U.S. just hit a major milestone. We now have
1622 capacity to store 1 billion watts of power for an hour and
1623 while the U.S. is still leading in energy storage
1624 development, everyone says China is likely to pass us in the
1625 next 5 years. So it is very troubling your budget proposes
1626 to cut energy storage R&D by almost 75 percent.

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1627 And let me read to you directly from your budget
1628 request, so folks, get a handle on this. You want to
1629 discontinue support for engagements with states, utilities,
1630 and storage providers for conducting grid-scale field tests
1631 and trials. Discontinue support for engagement with state
1632 and federal regulatory officials on efforts to understand
1633 regional market barriers to energy storage deployment.
1634 Discontinue support to states and regional entities on
1635 procurement, commissioning, and techno-economic analysis of
1636 deployed systems. Eliminate support for new collaborative
1637 test bed and field trials. Discontinue support for
1638 development of enhanced tools and data to U.S. industry for
1639 development and use of grid-scale batteries. I mean and this
1640 goes on.

1641 But why, I mean you talk about energy dominance, but
1642 this is like waving white flags. Why would you propose such
1643 devastating cuts for a technology that would only increase
1644 the use of clean energy especially when our U.S. industries
1645 are in the fight of their life with China? So how do you
1646 explain that?

1647 Secretary Perry. Ms. Castor, thank you for recognizing
1648 the great job that was done by particularly the private

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1649 sector down in Puerto Rico. They were men and women who left
1650 their families for long periods of time. I was on a call
1651 yesterday with the subsector council and just said thank you
1652 as you have today. So thank you for recognizing that.

1653 Let me just briefly address your concerns here
1654 particularly on the issue of -- and again I don't want to go
1655 back over what I talked with Mr. Rush about, but we see a lot
1656 of the dollars that have flowed into this area before
1657 particularly on wind and solar as areas where they are being
1658 substantially more mature. I mean the cost of those have
1659 gone down. I think each one of them 65 percent at least over
1660 previous year to date costs. So we have seen some
1661 substantial decreases in the cost of getting those
1662 technologies to the marketplace.

1663 And I think we are going through a shifting, a shifting
1664 to battery storage and beyond batteries, if you will, which
1665 is a new focus in the fiscal year 2019 budget that we are
1666 going to be within EERE we are taking a holistic approach to
1667 energy storage. Early stage R&D is focused on controllable
1668 loads, on hybrid systems, new energy storage technologies,
1669 and again, you know, this process is about finding the right
1670 balance and we are going to work with you to find that right

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1671 balance.

1672 I not only recognize but respect your position here and
1673 you are absolutely correct. We have a huge challenge with
1674 China not just in this area but in a host of other ones.
1675 Supercomputing is one of them that I will suggest to you is
1676 at the top of that list. If we don't get that one right we
1677 are in trouble.

1678 Mr. Upton. Thank you.

1679 The gentleman from West Virginia, Mr. McKinley.

1680 Mr. McKinley. Thank you, Mr. Chairman. And thank you,
1681 Mr. Secretary, for particularly for your interest in
1682 preventing the premature closing of our country's coal and
1683 nuclear power plants.

1684 But let me speak to a broader audience. This committee
1685 has held numerous hearings on this topic of grid reliability
1686 over the past few years. During that time, your last 10
1687 years, 531 coal-fired units and 11 nuclear plants have been
1688 closed. Their output has been replaced with gas plants, but
1689 unfortunately only half of those plants have a firm supply
1690 for gas, meaning without a supply contract in a cold spell
1691 gas is understandably diverted from creating electricity for
1692 home residential heating. And according to NERC, in the past

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1693 3 years America has experienced over 4,000 forced outages of
1694 power plants across America due to a lack of fuel. Ninety
1695 four percent of those outages were gas-driven power plants.

1696 So this should not, unfortunately, these statistics
1697 don't give me the confidence that closing more coal units and
1698 nuclear power plants is a dependable option for national
1699 security. And you have been talking about national security
1700 throughout your presentation today. For example, nationally,
1701 in January, NETL reported without the resilience of coal the
1702 East Coast would have suffered severe electrical shortages,
1703 leading, likely, to widespread blackouts.

1704 And earlier this year, ISO New England concluded the
1705 possibility that power plants won't be able to get the fuel
1706 they need to run is the foremost challenge to a reliable
1707 power grid in New England. According to PJM, the PJM's
1708 market, it can also be shown that the demand for the grid
1709 could not have been met without coal. These are all quotes
1710 that are coming from major sources, major reliable sources.

1711 So taking these reports in consideration, can you just
1712 imagine what our grid stability was going to look like with
1713 dependability and resilience if we have fewer coal and
1714 nuclear plants? Mr. Secretary, you and I have had numbers of

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1715 conversations about it and this committee has been saying all
1716 along that our fuel security is a national security issue.

1717 So, Mr. Chairman, I would like to submit for the record
1718 a series of documents, a letter that we have from 23
1719 bipartisan members of Congress asking you to invoke 202(c).
1720 I have another letter that is written to the President,
1721 bipartisan support for some kind of implementation to save
1722 our aging coal and nuclear power plants. And we have four
1723 other letters of support from labor unions across the country
1724 and interest in saving and implementing 202(c).

1725 Quite frankly, Mr. Secretary, I believe it is time. You
1726 tried the 403. Some form of 202(c) or some other emergency
1727 act is necessary if we are going to have national security.
1728 So I am calling on you to use whatever legal power you have
1729 so that we can meet the challenges that our manufacturers
1730 need and our communities need all across America with having
1731 a reliable grid system.

1732 So I would like to have your thoughts. Last Thursday I
1733 was with the President and he specifically said, I think in a
1734 crowd in West Virginia, I think we can work something out on
1735 202(c). I know he has had conversations with you about that.
1736 Can you share the extent of not your private conversations,

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1737 where do you think we are going with 202(c) or some component
1738 of that? Thank you.

1739 Secretary Perry. Mr. McKinley, I hope that your remarks
1740 have been televised and we can put them up because you have
1741 succinctly made the point for exactly what has to happen in
1742 this country from the standpoint of being able to protect the
1743 resiliency and the reliability of our electrical grid. And
1744 if you do not have sufficient coal and nuclear plants, the
1745 day is coming when particularly in the Northeastern part of
1746 the United States because of other restrictions that they
1747 have on energy flowing into that part of the world that the
1748 national security of this country is jeopardized.

1749 I don't think that is appropriate in any way. Political
1750 decisions that put people's lives in jeopardy are
1751 inappropriate and I think this President understands that.
1752 He has had multiple conversations with me and others in his
1753 administration to find a solution to that. That is exactly
1754 what we are working on today. There are a number as you said
1755 202(c) is one of those, there may be other options which we
1756 need to look at as well.

1757 Mr. McKinley. Are we getting close to a decision?

1758 Secretary Perry. Expedition is of importance.

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1759 Mr. McKinley. Thank you. Thank you, Mr. Secretary, and
1760 I yield back.

1761 Mr. Upton. The gentleman's time is expired.

1762 The gentleman from Maryland, Mr. Sarbanes.

1763 Mr. Sarbanes. Thank you, Mr. Chairman.

1764 Thank you, Secretary Perry, for being here. Last
1765 October when you were here we talked about these ongoing
1766 threats to our national security, a little bit different from
1767 what you were just speaking about, which is the national
1768 security associated with maintaining a kind of diversified
1769 portfolio of energy sources. This is more about the cyber
1770 attacks that are coming in and we already know that there has
1771 been hacking attempts by the Russians against our elections
1772 last year.

1773 But we now know last month the Department of Homeland
1774 Security, FBI, publicly accused the Russian Government cyber
1775 actors of a multi-stage intrusion campaign that is going
1776 after the energy infrastructure. And I assume, I know that
1777 you view that as intolerable those kinds of attacks on our
1778 energy security framework, presumably.

1779 Secretary Perry. Oh, absolutely. Yes, sir.

1780 Mr. Sarbanes. And in the budget for fiscal year 2019

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1781 there is \$96 million proposed for a new office to address
1782 cyber threats coming in against the energy sector and I
1783 appreciate that attention being given. I think we need a
1784 little bit more knowledge here in Congress to be able to
1785 respond appropriately to the proposal with respect to
1786 cybersecurity in combating these cyber threats. And last
1787 October you may recall I asked whether you would be willing
1788 to come and do a briefing on that specific topic. We haven't
1789 had that yet so I would like to reiterate that request for a
1790 briefing.

1791 We can try to work with the committee. Obviously
1792 Congressman Latta, McNerney, and others have a real interest
1793 in this. I am sure the chairman does as well. So I just
1794 wanted to ask if you would be willing to work with the
1795 committee and our office to try to get that kind of a
1796 briefing together.

1797 Secretary Perry. Yes, sir. We will work with the
1798 committee.

1799 Mr. Sarbanes. Thank you very much. I want to talk now
1800 about a proposed cut in the budget. It is a 70 percent cut
1801 to the Office of Energy Efficiency and Renewable Energy for
1802 fiscal year 2019. This program, the EERE program, as many

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1803 colleagues of mine have been pointing out, has been a very
1804 smart return on investment for taxpayers, a net benefit of
1805 \$230 billion when you look at what has resulted from it.

1806 I wanted to talk a little bit about what it means in my
1807 own district. One of the programs inside the EERE program or
1808 initiatives was the SunShot Initiative and that has been
1809 targeted for a 67 percent cut. This initiative was one where
1810 the Department of Energy would set a goal of capturing the
1811 potential of solar technology, which everybody acknowledges
1812 is critical in making solar electricity more affordable, by
1813 2020. In Baltimore we actually worked with the Department of
1814 Energy to bring that potential to low-income homeowners so
1815 that all communities would be able to take advantage of low
1816 cost solar and energy.

1817 So it has meant a great deal to Baltimore. Over the
1818 last few years we have been able to put in 53 rooftop solar
1819 installations for low-income homeowners. There is 990
1820 additional ones planned over the next 2 years and with DOE's
1821 continued support the Baltimore Shines model, which is our
1822 local sort of version of the SunShot Initiative, if you will.
1823 This can really be a model across the country and we think
1824 can lead in terms of what it means to have diversified

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1825 financing for low-income solar installation.

1826 So the basic question here is does your Department
1827 remain committed to the goals of the SunShot Initiative which
1828 seems to be like the terminology of it or the name of it is
1829 being pushed aside. It is hard to keep track of where your
1830 commitment is and the Department's commitment is to this
1831 solar technology advancement is. And will you maintain the
1832 same commitment within the Solar Energy Technologies Office
1833 that has been a hallmark up to this point and further commit
1834 to making sure that low-income communities are in a position
1835 to take advantage of these low-cost energy and skilled job
1836 opportunities which are available within the solar technology
1837 industry?

1838 Secretary Perry. Yes, sir. Mr. Sarbanes, let me work
1839 with you. I am not that knowledgeable with that specific
1840 program from a granular standpoint and I want to be able to
1841 give you an appropriate answer so I will follow up.

1842 Mr. Sarbanes. I appreciate that. I think if you look
1843 inside the Department's data on this it is quite impressive
1844 and we can help present some of that back to you as well.

1845 Secretary Perry. Yes, sir.

1846 Mr. Sarbanes. Thank you.

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1847 Mr. Upton. Mr. Kinzinger?

1848 Mr. Kinzinger. Thank you, Mr. Chairman. If I can get
1849 Mr. Flores' attention for a second, yes, there you go.
1850 Thanks.

1851 Mr. Secretary, thank you for being here. As you may or
1852 may not know I have four nuclear power plants in my district
1853 which is the most of any in the country. It is eight
1854 reactors. Obviously that is many locations for spent fuel
1855 storage and so nuclear is extremely important not just for
1856 our domestic energy production, but one of the things last
1857 time you were here you and I talked a little about was energy
1858 as a tool of national security and the importance of that and
1859 the role that that plays.

1860 Just this week you made the point that every molecule of
1861 American gas that goes into Europe is a molecule that they
1862 don't have to get from Russia and be held hostage. I know
1863 you are aware the Russians are building or considering about
1864 55 nuclear projects around the globe and for China that
1865 number is closer to 200 projects. Does your sentiment about
1866 Russian natural gas apply to nuclear power as well, sir?

1867 Secretary Perry. Yes, sir. It does. And I think it
1868 goes right to the heart of the agreement with Saudi Arabia

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1869 that is being negotiated now, the 123 Agreement, in the
1870 standpoint of if we do not succeed in that effort the
1871 alternatives are China or Russia. Number one, neither of
1872 those countries care about nonproliferation, and the other
1873 one is we will lose the opportunity to develop our supply
1874 chain and our intellectual chain that will further put
1875 America at a disadvantage. And not just in the civil nuclear
1876 side, but sometime down the road on our ability to protect
1877 this country from a weapons standpoint. So this is a
1878 critical time in American history relative to supporting
1879 nuclear energy, civil nuclear energy.

1880 Mr. Kinzinger. Thank you. And I appreciate that your
1881 budget request prioritizes nuclear energy research, nuclear
1882 security, and of course Yucca Mountain. However, I remain
1883 deeply concerned about the state of our domestic nuclear
1884 industry as we have talked about. I have introduced
1885 legislation with my friend, Mr. Doyle, to make common sense
1886 reforms at the NRC to provide existing plants some relief,
1887 but without a strong domestic industry how do we expect
1888 American technology and, more importantly, safety culture and
1889 nonproliferation standards to compete with state-run power
1890 companies like Russia and China. So, overall, what is the

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1891 DOE currently doing or planning to do to support our domestic
1892 industry and reaffirm our global leadership?

1893 Secretary Perry. Well, obviously the administration is
1894 the message is clear not just on the nuclear side but coal as
1895 well and it is not just those two. This administration is
1896 committed to a broad portfolio of renewables of gas, of
1897 hydro, coal, and nuclear.

1898 Mr. Kinzinger. And while I believe that H.R. 1320 is
1899 part of the solution, there are several options to put the
1900 domestic nuclear industry on steadier ground and increase our
1901 global competitiveness. Can you elaborate as much as you can
1902 on DOE's Light Water Reactor Sustainability Program which is
1903 looking at extending existing licenses from 60 to 80 years?

1904 Secretary Perry. Yes, sir. We will continue to promote
1905 those technologies as best we can. We think that again this
1906 plays into the diverse portfolio and new technologies whether
1907 it is clean coal technologies, whether it is -- I was on the
1908 West Coast at Livermore Lab 2 weeks ago looking at
1909 technologies that are making our wind turbines more
1910 efficient. So there is a host of innovation rather than
1911 regulation is the real motto here from our perspective.

1912 And whether it is in the nuclear side of things, whether

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1913 it is in the fossil fuels, whether it is in the renewables,
1914 the national labs and the dollars that you all are
1915 authorizing for these national labs will go a long way
1916 towards making America more competitive in the global energy
1917 marketplace.

1918 Mr. Kinzinger. Thank you. And, lastly, do you believe
1919 that wholesale energy markets can do a better job at valuing
1920 the unique resource attributes of nuclear power, and if so
1921 how can DOE and Congress help to reform these energy markets?
1922 What role can we play in doing so?

1923 Secretary Perry. Well, I think one of the roles that
1924 DOE needs to play in this is to rebalance that obviously
1925 previous to this administration coming into place there were
1926 some thumbs on the market and at least we should take that
1927 pressure off of the direction that those markets were headed.
1928 Obviously there were some political considerations in the
1929 previous administration that they were not fond of coal, they
1930 were not fond of nuclear, and both of those industries paid a
1931 price for it. They had their favorites in the arena and they
1932 supported those. What we are looking at is to rebalance, if
1933 you will, to take the thumb off of the market scale.

1934 But with that in mind, the more important issue is one

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1935 of national security. Being able to know without a doubt
1936 that the energy supply will be there when we need it whether
1937 it is from a cyber attack that stops the gas somewhere,
1938 whether it is a hurricane that hits the, you know, God
1939 forbid, not again, the northeastern part of this country, the
1940 national security side of this is even more important than
1941 the economic side of it.

1942 Mr. Kinzinger. Thank you, Mr. Secretary. I appreciate
1943 you being here and I yield back.

1944 Mr. Olson. [Presiding.] Time has expired.

1945 Mr. Tonko for 5 minutes of questions.

1946 Mr. Tonko. Thank you, Mr. Chair.

1947 Welcome, Secretary Perry, and thank you for returning
1948 before the committee. Over the past year I haven't agreed
1949 with all of your decisions or priorities. I thought the
1950 notice of proposed rulemaking was incredibly misguided, but
1951 overall, and it might surprise you to hear me say this, I
1952 think you have done a fine job as Secretary.

1953 Secretary Perry. Yes, sir.

1954 Mr. Tonko. As far as I am aware there have been no
1955 major scandals or extravagant waste of taxpayer dollars. You
1956 have visited many national labs and it seems like you believe

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1957 in the mission of the agency, all of which is more than I can
1958 say for some of your cabinet counterparts.

1959 With that said, I am concerned by a number of the
1960 proposed cuts in fiscal year 2019's requests. Many of them
1961 have been mentioned already, EERE, the Office of Science,
1962 grid modernization programs, and the elimination of ARPA-E.
1963 In the past you have stated support for ARPA-E and DOE's
1964 innovation budget. Last year you testified that energy
1965 innovation is a part of DOE's core mission and I think you
1966 might agree that cuts of the magnitude that have been
1967 proposed are not good for the future of America's global
1968 energy leadership.

1969 So I would encourage you to push back on OMB to ensure
1970 innovation continues to be a top priority of the agency.
1971 Specifically, now that Congress has appropriated fiscal year
1972 2018 funding for programs that the previous request proposed
1973 eliminating, I expect we won't see a repeat of last year's
1974 impoundment of ARPA-E funds or a delay of weatherization
1975 funding to states which they are expecting on July 1.

1976 But I want to focus on a different issue. Mr.
1977 Secretary, are you familiar with this recent National Energy
1978 Technology Laboratory report entitled, "Reliability,

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1979 Resilience and the Oncoming Wave of Retiring Baseload Units"?
1980 It is dated March 18th, or March 13th, excuse me, 2018 and it
1981 was posted on DOE's website on March 27th.

1982 Secretary Perry. I am not an expert at it, but I am
1983 certainly familiar with it.

1984 Mr. Tonko. Okay. Are you aware of any DOE political
1985 officials that discussed this report as it was being
1986 developed by NETL?

1987 Secretary Perry. I am not.

1988 Mr. Tonko. Would you be willing to share any
1989 communications between DOE officials and NETL about the
1990 report with the committee?

1991 Secretary Perry. I would be happy to.

1992 Mr. Tonko. Thank you. The reason I ask is because this
1993 report is cited numerous times in FirstEnergy's section
1994 202(c) request which was submitted just 2 days after the
1995 report was published on DOE's website. I want to take issue
1996 with how the report represents the data to conclude coal made
1997 the grid more resilient during the bomb cyclone.

1998 I think most economists and grid operators agree on what
1999 happened. There was greater electricity demand, prices
2000 increased, and that allowed marginal power generators to come

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2001 online. In PJM those are coal plants that under normal
2002 circumstances are not economically competitive. We saw
2003 electricity markets at work. When demand increased, more
2004 expensive generators could operate. This is evidence of
2005 coal's cost, not its resilience. In fact, according to PJM,
2006 at times coal plants experienced higher failure rates than
2007 other resources.

2008 This notion that the only thing standing between us and
2009 blackouts is aging coal plants is just not accurate. What we
2010 might agree about, but I suspect for different reasons, is
2011 the premature closure of a significant amount of clean energy
2012 resources would be bad for air pollution as well as our short
2013 and long-term emissions reduction goals. If that is the
2014 case, we should look at what has been done by states, states
2015 such as my home state of New York, to preserve and compensate
2016 zero emissions generation. Or if you prefer an in-market
2017 solution, consider what New York's ISO is working on to
2018 develop to price carbon within the market.

2019 These options are not without their flaws or opponents,
2020 but they do represent a serious path forward to address some
2021 of the issues you have been discussing this past year. But
2022 ultimately these are policy decisions for states or for

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2023 Congress. Acting under the pretense of an emergency to
2024 justify unilateral agency action is not good for consumers or
2025 the people responsible for operating our grid.

2026 So, Secretary Perry, do you have any thoughts on the
2027 role or appropriateness of states taking action to support
2028 zero emission generators through clean energy standards or
2029 similar programs?

2030 Secretary Perry. No, sir. I encourage states to get
2031 involved with making their states more competitive. I
2032 certainly did that when I was the Governor of Texas and we
2033 saw a reduction, almost 20 percent of total carbon footprint,
2034 over 60 percent of both NOx and SOx during that period of
2035 time. So the point is, states can have a real role in this.

2036 With that said, from my perspective this issue that we
2037 are facing and I recognize -- and by the way thank you for
2038 your kind remarks. My wife doesn't even agree with me all
2039 the time, so --

2040 Mr. Tonko. Okay. Well, I need to meet her then.

2041 Secretary Perry. Yes, sir. I am going to show her
2042 this, if you don't mind. But the point is that there are
2043 real national security implications here. And I will finish
2044 with this. As the Governor of Texas I brought in ERCOT,

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2045 which is our big Electric Reliability Council that oversees
2046 our generation in Texas. And I think it was late spring of
2047 one year we had had a very hot summer, which we typically do
2048 in Texas, and we had had some brownouts. We were trying to
2049 manage the system.

2050 And I shared with them, I said, listen, you are the
2051 expert here, but I don't want to get a phone call from
2052 citizens of this state because you weren't prepared and you
2053 didn't put in place the needed generation capacity to be able
2054 to deliver electricity to a city like Dallas that has had 15
2055 straight days of 105-plus degree temperature and a
2056 grandmother has died. I said that is not a conversation that
2057 I am going to accept, and the same is true as the Secretary
2058 of Energy.

2059 And the administration is focused on making sure that we
2060 have the resiliency and the reliability of our grid, and I
2061 want to work with you. I will work with the states as well
2062 to find the solutions to this. But I don't think we have
2063 time to be studying this anymore to the standpoint of oh,
2064 let's just kick the can down the road. I think we are facing
2065 with these plants being scheduled, some of them prematurely,
2066 to come offline, I just don't want a call from somebody in

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2067 Upstate New York because the power has gone out because we
2068 didn't have the political courage to put into place a
2069 strategy that made sure that a citizen of New York is never
2070 going to have to make the decision of whether or not we are
2071 going to turn the lights on or are we going to keep our
2072 family warm.

2073 Mr. Tonko. I have exhausted my time. I would just say
2074 that New York did make certain that they had their power
2075 supplies met and with zero emissions being the guiding force.
2076 So I think that is the difference here.

2077 But I yield back, Mr. Chair.

2078 Mr. Olson. Time is expired.

2079 Mr. Griffith, 5 minutes for questions, please.

2080 Mr. Griffith. Thank you, Mr. Secretary. I appreciate
2081 you being here. All my questions have gone out the window
2082 because of comments that have been made of recent or at least
2083 a lot of them have.

2084 You were very kind to the previous administration to say
2085 they put their thumbs on the scale when they were looking at
2086 various energy sources. In my district which has got natural
2087 gas, predominantly coal, we felt like it wasn't a thumb on
2088 the scale, we felt like it was a boot on our necks. We had

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2089 thousands of jobs lost, families disrupted, communities
2090 losing businesses left and right, hospitals closing down
2091 because they no longer had the big employer at the coal mine
2092 to pump in the insurance into the hospital and the money
2093 coming in there. It was devastating.

2094 And so I was kind of surprised, one, that Mr. McKinley
2095 missed the NETL report in his detail. He kept going. I
2096 guess he had to have some time for questions and so he left
2097 that one out. But further that Mr. Tonko doesn't understand.
2098 And he is a good man, but he doesn't understand. It would be
2099 easy for people who were that desperate like a thirsty man in
2100 the desert who finally discovers an oasis to consume that
2101 NETL report and put out the request for 202(c) relief within
2102 2 days because the coal community has been desperate until
2103 you all have come along and not wanting to put your finger on
2104 the scale at all but wanting to make sure that there is an
2105 all-of-the-above strategy for the United States, and I thank
2106 you. Would you like to make any comment before I go on?

2107 Secretary Perry. Go right ahead, sir.

2108 Mr. Guthrie. All right. So I appreciate that and I do
2109 have this to say although it is not your Department. He
2110 indicated that, you know, the fact that we had to use the

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2111 coal and it cost more than that was the market at work. It
2112 is also federal regulation. Because what we need to do is we
2113 need to look at the New Source Review rules, because when a
2114 coal-fired power plant and lots of other businesses that use
2115 coal for power go in and they want to make one little change,
2116 even if it makes that plant more efficient, they have to then
2117 comply with all kinds of regulations.

2118 I have a facility in my district which is not a power
2119 plant, another facility that I toured a number of years ago
2120 and they had a kink in their conveyor belt because at one
2121 time there had been a part of their paint shop on the end of
2122 the conveyor belt. They no longer had that paint shop or
2123 that painting capacity, I think it was lacquer, but they left
2124 the kink. And so we walked over the conveyor belt once and
2125 then we walked over it a second time where it just went out
2126 into empty space, and the owner said that because he had to
2127 meet those EPA regulations it was easier just to leave the
2128 kink in the conveyor belt than to make his process more
2129 efficient. We need to make some changes there and I hope you
2130 would agree with that even though I know it is EPA's turf.

2131 Secretary Perry. Right. Mr. Griffith, I think you
2132 bring in a very high level way what this administration is

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2133 focused on. The President has given clear directives to
2134 people like myself, Scott Pruitt, Secretary Zinke from a
2135 regulatory standpoint that getting rid of regulations where
2136 the costs outweigh the benefit is one of the real goals. And
2137 it has been, I think, very successful to date.

2138 And the key here is having some common sense applied,
2139 being able to recognize that we have overregulated this
2140 country and those overregulations have cost this country a
2141 huge amount of jobs and untold wealth.

2142 So you were spot on from the standpoint of the single
2143 most important thing I learned as a governor that tax policy
2144 is important. You don't overtax, but businesses know how to
2145 deal with that. It is when you have a regulatory environment
2146 that is strangled where you will lose your businesses. It is
2147 one of the reasons we were able to bring a lot of businesses
2148 out of California to Texas, no offense to anybody from
2149 California that is here. But the point is they were
2150 overregulating and businesses want to get out of that
2151 environment.

2152 So the regulation side of what you are talking about is
2153 incredibly important. It is not just about being able to
2154 address the national security side of things, the issues that

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2155 we talk about whether it is a 202 or whether it is some other
2156 avenue towards making sure we have a reliable portfolio, but
2157 the regulatory environment in this country has to be
2158 addressed.

2159 Mr. Griffith. And I could not agree more. And I
2160 appreciate all the work that you all are doing in the
2161 administration to get this straightened out because it really
2162 has, I think, hurt our country.

2163 That being said, let me switch to more positive things.
2164 Ms. Castor complimented you on the testimony of one of your
2165 folks at the O&I subcommittee yesterday related to Puerto
2166 Rico. I think that they are doing great work down there and
2167 we appreciate it, but I think we can also use that as a test
2168 bed for other areas that might get isolated in a disaster and
2169 look at doing microgrids and other things that we can move
2170 this country forward to make sure that we have our grid
2171 resilient. We have a perfect example. We are going to spend
2172 a lot of money there anyway. Let's spend it doing
2173 experiments to see how we can build the system for the rest
2174 of the country as well.

2175 And with that, I know you agree but I have to yield
2176 back.

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2177 Secretary Perry. Yes, sir.

2178 Mr. Olson. Time is expired.

2179 Mr. Loeb sack, 5 minutes for questions.

2180 Mr. Loeb sack. Thank you, Mr. Chair.

2181 Great to see you again, Mr. Secretary.

2182 Secretary Perry. Sure, thank you.

2183 Mr. Loeb sack. We don't have a lot in common, Iowa and

2184 Texas, but we do have wind energy in common.

2185 Secretary Perry. I have spent a lot of time in your

2186 home state, sir.

2187 Mr. Loeb sack. I am aware of that too. That is right.

2188 Seems like ages ago, but I am aware of that. Thank you. But

2189 I am happy about your support for wind energy. As you know

2190 that constitutes, it is about 37, 38 percent of the

2191 electricity generated in the state of Iowa so it is really a

2192 great program. And thank you for coming back to this

2193 committee. I do appreciate the accountability that you

2194 demonstrate here. I think all of us do on a bipartisan

2195 basis.

2196 As you know of course my home state of Iowa does lead

2197 the nation in biofuels production. It is an integral part of

2198 our economy, the farm economy, and right now the farm economy

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2199 is suffering. We have concerns about trade issues too, we
2200 don't need to get into that today. But that is certainly a
2201 bipartisan concern that we have in the state of Iowa, what is
2202 happening on that front. And I am sure that you are aware of
2203 the recent press reports about the waivers that the EPA has
2204 granted the small refineries to release them from their
2205 obligations under the Renewable Fuel Standard program
2206 including, actually, some of the nation's largest and most
2207 profitable refiners.

2208 And as you can imagine, the biofuels community has
2209 significant concerns about the apparent increase in the
2210 awarding of these waivers by the EPA and about the
2211 implications for the biofuels industry, the corn market and
2212 of course the farmers who depend upon the market and the
2213 workers in the industry, all the John Deere and a lot of
2214 other, the implement companies that are all related to this
2215 as well economically. And the small refinery waiver process
2216 as you know requires the EPA to consult with the DOE and with
2217 you, the Secretary of Energy in particular, in review of the
2218 exemption petitions and unfortunately there is not a lot of
2219 transparency, if any, in this process.

2220 So I do want to ask you, has the EPA consulted with the

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2221 DOE on their issuance of these waivers as required by law?

2222 Secretary Perry. Yes, sir. I would suggest to you they
2223 have. I don't know the intensity and that may be the wrong
2224 word, but the depth of those negotiations and what -- I know
2225 that they use us as the agency to advise them about how this
2226 would impact the energy sector. So, but for clarity
2227 purposes, EPA is who hands out those.

2228 Mr. Loeb sack. Right. But they are required by law to
2229 consult with DOE, with the Secretary of Energy, right?

2230 Secretary Perry. But they do consult with us. Yes,
2231 sir.

2232 Mr. Loeb sack. Does your office recommend that EPA adopt
2233 any small refinery waivers this year, and if so what waivers
2234 did you recommend?

2235 Secretary Perry. Let me go back and get the details of
2236 that for you so that I can give you specific and correct
2237 information.

2238 Mr. Loeb sack. Yes and I really do appreciate that
2239 because what I am going to ask you then, moving forward, just
2240 yesterday your counterpart at the USDA, Secretary Sonny
2241 Perdue, indicated that he believes the EPA is misusing the
2242 hardship waivers. And as you know our governor is in town

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2243 today too and she is trying to get through to the President
2244 to talk to him about the RFS.

2245 Secretary Perry. Yes, sir.

2246 Mr. Loeb sack. Do you agree with Secretary Perdue that
2247 the EPA has misused the hardship waivers?

2248 Secretary Perry. I can't speak to that because I don't
2249 know the details of the issue. If I could just add one side
2250 of the story, one of the things that we are working on is to
2251 find some other, it would be, number one, I know my Iowa corn
2252 farmers pretty well and they really don't care where this
2253 ethanol goes as long as it gets to go somewhere.

2254 Mr. Loeb sack. I just had a meeting with a number of
2255 them last weekend.

2256 Secretary Perry. Yes, sir. And I respect that having
2257 been a former agricultural commissioner of the state of
2258 Texas. We are in conversations with my counterpart in Mexico
2259 and we were talking to him as late as this last month about
2260 being able to move U.S. ethanol into Mexico into their fuel
2261 mix because they are in the process of we understand that
2262 they are going to be mandating some ethanol.

2263 Mr. Loeb sack. And I really appreciate that. And we
2264 have to keep in mind too that we are talking about a lot of

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2265 production of corn here in the country and of course around
2266 the world and ethanol is obviously one use of that corn.
2267 There is no question. But we have to make sure in those
2268 NAFTA renegotiations that we don't get our corn market in
2269 Mexico cut off as well.

2270 So I just have some questions. I don't have time to go
2271 through them here, but I do want to submit these questions
2272 for the record having to do with the total number of refinery
2273 waiver applications that the DOE evaluated for the last 5
2274 years. So a number of those and I would like to submit those
2275 for the record, Mr. Chair.

2276 Secretary Perry. So we will have them ready for you.

2277 Mr. Loeb sack. And thanks for your time today. I
2278 appreciate it. And we look forward to your answers to our
2279 questions.

2280 Secretary Perry. Yes, sir.

2281 Mr. Loeb sack. Thanks, Mr. Secretary. I appreciate it.
2282 I yield back.

2283 Mr. Olson. Thank you.

2284 Mr. Johnson, 5 minutes of questions.

2285 Mr. Johnson. Thank you, Mr. Chairman.

2286 Mr. Secretary, good to see you again.

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2287 Secretary Perry. Thank you, sir.

2288 Mr. Johnson. I sure enjoyed our trip down to Piketon a
2289 few months ago.

2290 Secretary Perry. Yes, sir.

2291 Mr. Johnson. You know, you and I had extensive
2292 discussions when we were there and, like you, I support an
2293 all-of-the-above energy policy and I know you believe that as
2294 well. My district in Eastern and Southeastern Ohio, and you
2295 and I have talked about that a little bit as well, is no
2296 stranger to the benefits of a diverse generation with our
2297 abundance of both coal and natural gas. Many of the coal
2298 plants in the 6th District of Ohio, along the Ohio River are
2299 not only a reliable source of power but they are the strong
2300 economic drivers for the communities in which they exist.
2301 The people rely on them there for good paying jobs.

2302 So I worry about the recent retirements and announced
2303 retirements of coal plants especially as federal and state
2304 laws and regulations have played a major role in affecting
2305 these plants over the years. I know you have repeatedly
2306 expressed similar concerns and have pushed FERC on these
2307 issues. So my first question, are you satisfied with FERC's
2308 work to date on this issue and do you believe FERC and the

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2309 RTOs and the ISOs are taking the right approach to these
2310 issues?

2311 Secretary Perry. Well, relative to the 403 that we sent
2312 up, I would have to be on the opposing side of, I wouldn't
2313 have sent them our recommendations if we didn't think they
2314 were correct. So, you know, I am not going to -- that is the
2315 only dealings that I have had with them to date.

2316 Mr. Johnson. Sure.

2317 Secretary Perry. So my first experience of picking up
2318 that potato was it was pretty hot.

2319 Mr. Johnson. Yes, yes. Well, second question, you
2320 state that the fiscal year 2019 DOE budget will help improve
2321 grid resilience and support generation diversity. Can you
2322 provide examples on how DOE will work towards these
2323 objectives?

2324 Secretary Perry. Well, obviously having grid diversity
2325 has to do with having resource diversity. One of our
2326 challenges is that in the course of the last decade the
2327 resources have changed drastically. You think back to 2005,
2328 just as Hurricane Katrina was coming into the Gulf Coast
2329 there was a fellow giving a speech about peak oil. Fast
2330 forward 10 years and the United States is in the process of

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2331 becoming the number one oil and gas producing country in the
2332 world. I mean that literally happened in a decade, the
2333 explosion of renewables and the grid being able to manage all
2334 of that and so the technology to manage the grid. And I put
2335 that into the resiliency side and the reliability side.

2336 So the challenges that are out in the world today and
2337 how quickly they came is a great testament to our national
2338 labs and the innovation that comes out of those national labs
2339 and our private sector working together in many cases. So
2340 the way we look at this is we have been blessed with a lot of
2341 resources. How you manage those resources both with
2342 innovation and with common sense, common sense part of this
2343 from my perspective is don't restrict resources getting into
2344 your grid that could put your national security in jeopardy,
2345 for instance.

2346 So all of this is, it is quite a challenge, Mr. Johnson,
2347 as you know, but I am quite confident we are up to it and we
2348 will find the solutions that challenge us as a country.

2349 Mr. Johnson. Yes. Well, thank you, Mr. Secretary.

2350 You know, shifting gears just a little bit, when we were
2351 at Piketon, you and I, and I appreciate your support of all
2352 the stuff that is going on down at Piketon as well. I

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2353 appreciate that very much. You have made reference to an
2354 Appalachian plan which relates to infrastructure to take
2355 advantage of our natural gas resources and other industrial
2356 resources in West Virginia and Ohio. Can you elaborate
2357 quickly what that vision looks like?

2358 Secretary Perry. Yes, sir. As the Governor of Texas I
2359 used to fret greatly in August and September about a Category
2360 5 hurricane coming up the Houston Ship Channel, Mr. Olson,
2361 and creating havoc in the petrochemical footprint in the
2362 state of Texas which would have negative effect all over this
2363 country. Having a duplication of that somewhere made a lot
2364 of sense to me and why not put it where the resource is which
2365 is in the Appalachian region. You are sitting on top of the
2366 Marcellus, the Utica.

2367 So if government will not be an impediment from a
2368 regulatory standpoint in particular, the private sector will
2369 come and fund that. This isn't a matter of, you know, coming
2370 to Congress and saying hey, will you put millions of dollars
2371 into this. Just don't get in the way.

2372 Mr. Johnson. There you go.

2373 Secretary Perry. And help those states, West Virginia,
2374 Ohio, Kentucky, put that plan together. We are in the, I am

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2375 not going to say nascent but we are in the early stages of
2376 conversation coordinating with those states, coordinating
2377 with other agencies to be able to lay out a plan hopefully
2378 before this year is out so that there is a clear opportunity
2379 for this country to have a duplication of that petrochemical
2380 footprint in the Gulf Coast of Texas in the Appalachian
2381 region. The economic impact would be stunning. More
2382 importantly, the national security side of it would be far-
2383 reaching.

2384 Mr. Johnson. Makes perfect sense.

2385 Thank you, Mr. Chairman. I yield back.

2386 Mr. Olson. The gentleman yields back.

2387 Mr. Schrader, 5 minutes for questions.

2388 Mr. Schrader. Thank you, Mr. Chairman. And thank you,
2389 Mr. Secretary, for being here. It is nice to have a normal
2390 and competent member of the administration before the
2391 committee here.

2392 I would like to go back to Chairman Walden's comments
2393 regarding the Power Marketing Administrations. As you might
2394 imagine that is a bipartisan issue in my part of the country.
2395 On page 14 of your testimony you state budget proposes a sale
2396 of transmission assets of the Western Area Power

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2397 Administration, Bonneville Power Administration, and
2398 Southwestern Power Administration and to reform the laws
2399 governing how the PMAs establish power rates, et cetera.

2400 Frankly, as a member of Congress in the Pacific
2401 Northwest, very concerned about the administration's
2402 continued insistence we sell off transmission assets at the
2403 Bonneville Power Administration and require them to sell
2404 power at market rates. Mr. Chairman, I guess I would like to
2405 enter into the record the bipartisan letter the Pacific
2406 Northwest delegation sent to OMB Director Mr. Mulvaney
2407 opposing this proposal in the 2019 budget.

2408 Mr. Olson. Without objection, so ordered.

2409 {The information follows:]

2410

2411 *****INSERT 4*****

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2412 Mr. Schrader. Thank you. The BPA is a nonprofit
2413 federal wholesale utility and power marketer that receives no
2414 congressional appropriations. I repeat that, no
2415 congressional appropriations, and must recover its costs with
2416 revenues it earns like the private sector from selling
2417 wholesale power and transmission services. BPA provides
2418 approximately half the electricity used in the Pacific
2419 Northwest and operates three-quarters of the region's high
2420 voltage transmission grid. Selling off these transmission
2421 assets would fragment the grid, be devastating to the region,
2422 and provide a meager one-time asset that would not have any
2423 long-term beneficial effects with regard to our economy.

2424 By requiring BPA to sell power at market rates would
2425 essentially be the death knell of BPA. BPA serves the public
2426 interest and has other obligations and as such BPA markets
2427 its power at cost. Historically, it has provided some of the
2428 lowest cost electricity in the nation, natural gas having put
2429 some pressure on it obviously at this point. And that
2430 coupled with BPA's increased court-mandated spill and fish
2431 recovery operations, which account now for a third of the
2432 rates that Pacific Northwest folks pay and that Treasury
2433 consequently does not have to pay, has put additional cost

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2434 pressures on the agency and driven their costs up some.

2435 Requiring BPA to sell its power at market rates would
2436 drive them into the red, make them unable to meet their
2437 obligations to the Treasury, actually costing taxpayer money,
2438 strand the federal government with a very expensive,
2439 nonfunctioning asset and put federal taxpayers on the hook
2440 for the fish mitigation costs which come to the tune of
2441 almost a billion, or I think a little over a billion dollars
2442 a year.

2443 There has been overwhelming bipartisan, bicameral
2444 opposition as the chairman of the full committee testified
2445 to, opposition to the administration's proposal. Eight
2446 members of this committee including my fellow Northwest
2447 colleagues, Ms. McMorris Rodgers and Chairman Walden, sent a
2448 letter to our budget committee this year that I referenced
2449 asking them to reject the proposal, yet once again it seems
2450 like we are here.

2451 So our region already produces some of the cleanest
2452 power that we have talked about, very affordable. We repay
2453 the Treasury with interest. So if you can explain to me what
2454 problem the administration is actually trying to solve with
2455 this proposal.

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2456 Secretary Perry. Mr. Schrader, let me just remark that
2457 maybe it is my best addition here would be I am reminded of a
2458 Kenny Rogers song where he talked about you need to know when
2459 to hold 'em and know when to fold 'em.

2460 Mr. Schrader. I understand and appreciate that response
2461 and appreciate your --

2462 Secretary Perry. Congress has been very clear about
2463 this issue. I will be more than happy to carry the message
2464 back.

2465 Mr. Schrader. Thank you very much, Mr. Secretary.
2466 Thank you for being here.

2467 Secretary Perry. Yes, sir.

2468 Mr. Olson. The gentleman yields back.

2469 Dr. Bucshon, 5 minutes of questions.

2470 Mr. Bucshon. Welcome, Secretary Perry, from Southwest
2471 Indiana.

2472 Secretary Perry. Yes, sir.

2473 Mr. Bucshon. This committee has spent most of this
2474 Congress examining the country's electrical grid and
2475 throughout our hearings experts have stressed to us the
2476 importance of a reliable and resilient electrical grid.
2477 There are many sources of energy that can power the grid.

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2478 However, coal-fired electricity is one of the most reliable
2479 fuel secure and affordable energy sources. This was evident
2480 during the 2014 polar vortex and again most recently with the
2481 bomb cyclone. It was the reliable baseload power plants such
2482 as coal and nuclear that prevented blackouts in many regions
2483 of the country.

2484 Even with its reliability, coal-fired plants continue to
2485 retire at alarming numbers, and I know Mr. Johnson just
2486 mentioned this. Since 2010 more than one-third of the
2487 nation's coal-fired power plants have shut down or announced
2488 plans to close. That is the equivalent of shutting down the
2489 entire electricity supply for Indiana, Ohio, Illinois, and
2490 Kentucky. Thirty nine coal power plant, power generating
2491 units have been forced to close in my home state of Indiana
2492 alone.

2493 The 8th District of Indiana which I represent is home to
2494 all the coal mines in the state of Indiana which is
2495 responsible for more than 70 percent of the state's energy.
2496 Without traditional baseload energy sources such as coal
2497 being properly valued in wholesale markets plants continue to
2498 be at risk of retiring, leaving many of my constituents at
2499 risk of losing their jobs, seeing higher electrical bills,

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2500 and providing less reliable energy to power our homes.

2501 This is why I have introduced H.R. 5270, the Electricity
2502 Reliability and Fuel Security Act, which would create a
2503 temporary tax credit covering a small portion of the cost to
2504 operate and maintain existing coal-fired power plants. I
2505 believe the temporary tax credit which would last for 5 years
2506 is necessary to avoid more coal retirements while Congress,
2507 the administration, and grid operators work together to
2508 ensure the grid remains reliable and resilient.

2509 Secretary Perry, do you think that you would be
2510 supportive of this legislation and the other efforts that
2511 Congress, DOE, FERC, and the grid operators are taking to
2512 properly value coal to prevent more power plant retirements
2513 and provide our nation with a more reliable and secure grid?

2514 Secretary Perry. Yes, sir. Mr. Bucshon, I think it is
2515 important that we put into place some processes that assure
2516 this country has a reliable and resilient grid and coal is
2517 going to be a part of that and coal is going to be a part of
2518 the future energy supply of the world. By 2040, the estimate
2519 is at 77 percent of the energy produced in the world will
2520 still be fossil fuel, coal will be playing a major part of
2521 that.

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2522 Our goal and our part to play in this is that U.S. coal
2523 is, you know, coal imports are up 61 percent from a year ago,
2524 we are going to continue. When I go to India we are not just
2525 going to be talking about LNG. We are going to be talking
2526 about coal and clean coal technology that is developed in
2527 this country. We want them, they are going to burn coal and
2528 we want them to use our technology to be able to remove the
2529 emissions that are harming the environment in that part of
2530 the world and globally as well.

2531 So any reasonable approach to making sure that we have a
2532 reliable energy source in this country we are going to be
2533 working with and we certainly think your legislation is
2534 reasonable and heads in that direction.

2535 Mr. Bucshon. Thank you very much for being here,
2536 Secretary.

2537 Secretary Perry. Yes, sir.

2538 Mr. Bucshon. Thanks for your work.

2539 Mr. Chairman, I yield back.

2540 Mr. Olson. The gentleman yields back.

2541 The chairman calls upon the gentleman from Texas, Mr.
2542 Flores, for 5 minutes of questions.

2543 Mr. Flores. Thank you, Mr. Chairman. Mr. Secretary, I

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2544 think you and I are equally supportive of LNG and we
2545 recognize the incredible importance of LNG exports not only
2546 in terms of our balance of trade and economy opportunity, but
2547 also the geopolitical position that it places us in vis-a-vis
2548 some of the threats that we face around the world.

2549 I know that you have taken some good steps to improve
2550 DOE's permitting process when it comes to LNG to clear the
2551 backlog of the applications that were pending that you
2552 inherited from the last administration, but I also understand
2553 that FERC is understaffed and that they are overwhelmed with
2554 their own backlog. Is there anything that you as the
2555 Secretary of DOE can do to help FERC with their backlog?

2556 Secretary Perry. I would be more than happy to, you
2557 know, have this conversation with the chairman and we are
2558 more than happy to assist them in any way we can.

2559 Mr. Bucshon. Okay. It was my understanding you might
2560 be in a position to move some folks from Sandia temporarily
2561 to FERC to help with that. Anyway if you can answer that
2562 supplementally for us that would be great. So, now with LNG
2563 out of the way, the next area that I am particularly focused
2564 on today is nuclear, particularly advanced nuclear
2565 technologies. The alma mater that you and I share, which I

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2566 am pleased to represent, is a partner on some of DOE's
2567 university engineering university programs. I understand
2568 that the administration is conducting a wide range in review
2569 of nuclear policy, but while we await the outcome of that
2570 broader review what are the most important policies that
2571 Congress can advance now in the short term, in the near term?

2572 Secretary Perry. I am sorry?

2573 Mr. Bucshon. What are the most important policies that
2574 Congress can advance in the near term while we wait for the
2575 administration to finish its overall nuclear review policy?

2576 Secretary Perry. Well, certainly I think that making
2577 sure that the resources are appropriate on this national
2578 nuclear policy review, and we have for too long, I guess, Mr.
2579 Flores, this country has kind of put nuclear, our arsenal on
2580 the back burner, if you will.

2581 Mr. Bucshon. Right.

2582 Secretary Perry. The mid '90s and the Peace dividend
2583 and the world was going to live happily ever after and that
2584 is not the case. And we came to our senses, if you will, or
2585 the world became a little clearer in view and we saw that
2586 maybe we need to make sure that we have a nuclear arsenal
2587 that is modern. These things, they age just like any other

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2588 infrastructure. Being able to modernize it, being able to
2589 look at new systems, whether it is delivery or whether it is
2590 the actual arsenal itself, is very much an important role
2591 that you in Congress are going to play from being able to
2592 fund it for one thing.

2593 Mr. Bucshon. Sure.

2594 Secretary Perry. We have a new administrator of the
2595 NNSA, a very capable individual who I think you will find
2596 very good to work with, very knowledgeable, and a good
2597 partner in this.

2598 Mr. Bucshon. When we look at the nuclear technology of
2599 the future, advanced nuclear reactors and small modular
2600 reactors, any time you have a first-mover technology like
2601 that there are some challenges in terms of trying to help,
2602 that our nuclear innovators face in terms of trying to get
2603 them off the ground so that they can move forward and get it
2604 into a position to be a commercially viable power generation
2605 source. I would ask you if you would have your staff work
2606 with us so we can try to figure out what those challenges are
2607 and what Congress can do to develop the statutory framework
2608 to be able to address those challenges.

2609 Secretary Perry. Yes, sir. We think SMRs are

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2610 incredibly important going into the future, the application
2611 that they can play particularly in for our national security.
2612 If the concern is about keeping these devices secure,
2613 obviously being on a United States military base is as secure
2614 a site as you can have. So, you know, SMRs are going to play
2615 a very, very important role in the diversity of our portfolio
2616 energy production-wise going forward.

2617 Mr. Bucshon. Okay. Well, thank you, Mr. Secretary. I
2618 have reached the end of my time. I do have additional
2619 questions that we will submit supplementally and I look
2620 forward --

2621 Secretary Perry. Yes, sir.

2622 Mr. Bucshon. -- to working with you as we address our
2623 nation's energy policy. I yield back.

2624 Mr. Olson. Time has expired.

2625 Mr. Cramer, 5 minutes for questions.

2626 Mr. Cramer. Thank you, Mr. Chairman.

2627 Thank you, Mr. Secretary, for being with us again.
2628 Thank you for your excellent leadership at the very important
2629 agency. Before I drill down into what is most important to
2630 me today is specifically the fossil energy research and
2631 development budget, I want to associate myself with Mr.

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2632 Peters' comments about ITER. Even though San Diego is a long
2633 ways from North Dakota, his point about leveraging that
2634 resource, I think was made well. And I also want to
2635 associate myself with the fact that I do feel like there is a
2636 greater confidence given recent changes in leadership.

2637 Secretary Perry. Yes, sir.

2638 Mr. Cramer. And I appreciate your attention to that and
2639 your vast knowledge of it, so thank you for that. With that,
2640 I do want to get to the more concerning topic for me and that
2641 is the administration seems to be sort of sliding away from a
2642 commitment to at least if not pilot scale, commercialization
2643 gap with demonstration projects in the fossil energy R&D,
2644 particularly as it relates to where I think the folks ought
2645 to be and that is carbon capture and utilization and storage
2646 of CO2 from coal-fired power plants. Now we know and we
2647 appreciate in North Dakota your role, your agency's role in
2648 partnering with the Energy & Environmental Research Center at
2649 the University of North Dakota and some of our utilities,
2650 particularly Minnkota Power, in looking for some opportunity,
2651 testing some opportunity for Allam cycle or, you know, and
2652 some of these technologies that will bridge, bridge coal,
2653 coal's past and coal's future as a clean resource. But

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2654 without the gap being filled or at least supplemented by the
2655 taxpayers, I don't know that we can get there, quite
2656 honestly, and yet we need it so badly. Specifically,
2657 the administration's fiscal year 2019 budget proposal moves
2658 away from the research and development of carbon capture in
2659 reducing its R&D roughly 75 percent relative to fiscal year
2660 2018. And of course both in '17 and '18, the Congress itself
2661 has had to sort of step it up. So given the fossil energy
2662 R&D request as a whole was increased relative to the
2663 President's request of fiscal year 2018, can you explain why
2664 the Department shifted so dramatically from carbon capture
2665 R&D?

2666 Secretary Perry. Yes, sir. Here is my observation is
2667 that the fiscal year 2019 budget will not impact the current
2668 activities that the Department has funded up in your part of
2669 the world. Plain CO2 reduction, Regional Carbon
2670 Sequestration Partnership, that is going to continue on; a
2671 feasibility study on the Tundra project, that one is in that
2672 money stream for fiscal year 2019. The CarbonSAFE, S-A-F-E,
2673 activities, those are funded as well.

2674 Additionally, on the carbon capture issue, last year in
2675 about May, I was in China for the Clean Energy Ministerial

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2676 and we were able to get CCUS placed into that. Now obviously
2677 these are not dollars that are going to be spent in North
2678 Dakota and I understand that. But I think from the
2679 standpoint of the commitment of the agency to the carbon
2680 capture, utilization, sequestration -- and actually yesterday
2681 Chairman Alexander in the Senate was talking about being able
2682 to find obviously using our national labs, using our
2683 universities that we have relationships with a use for carbon
2684 dioxide.

2685 And again there is no eureka moment here, but, you know,
2686 those are the exciting technologies and opportunities that we
2687 think are out there in the future that we are going to be
2688 looking at funding and, you know, I hope you know that our
2689 commitment is very strong to that. Senator Hoeven, my former
2690 governor colleague, he and I talked at some length yesterday
2691 about the opportunities that we can work on together with
2692 North Dakota and DOE.

2693 Mr. Cramer. In my remaining seconds let me, first of
2694 all, strongly encourage you and invite you to North Dakota as
2695 it now warms up and thaws out to come and see the work at the
2696 University of North Dakota.

2697 Secretary Perry. Yes, sir.

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2698 Mr. Cramer. Secondly, I want to ask for your assistance
2699 in advocating with us for a 45Q, you know, the 45Q tax credit
2700 which was slightly, you know, improved in the most recent
2701 bill but not very useful until we reconcile IRS and EPA rules
2702 so that it is more useful for these types of projects. It is
2703 essential. And then there is another credit, the refined
2704 coal credit that I think just has to be extended so we can
2705 build this bridge again between basic research and
2706 commercialization. We are at the cusp and we, you know, run
2707 the risk of losing all those opportunities. As you said,
2708 innovation not regulation is our motto. I like it. Let's
2709 live with it. Thank you.

2710 Thank you, Mr. Chairman.

2711 Mr. Olson. Time is expired.

2712 Mr. Green from Texas, 5 minutes for questions. Are you
2713 ready, Mr. Green?

2714 Mr. Green. Yes, Mr. Chairman.

2715 I want to welcome the Secretary. My other job is I am
2716 the ranking member on the Health Subcommittee and we just
2717 finished a hearing upstairs, Mr. Secretary. And you and I
2718 have known each other since we could actually play basketball
2719 in the state capital. I want to thank Chairman Upton and

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2720 Ranking Member Rush for having this hearing today and
2721 Secretary Perry for taking the time to testify with us.

2722 DOE has many important missions in ensuring the adequate
2723 funding for the agencies essential. The President's budget
2724 fiscal year 2019 is a 3.8 cut from the fiscal year 2018
2725 enacted level. Much of these cuts hit clean energy programs,
2726 grid operations, and next generation energy technologies. I
2727 am concerned that these cuts in these programs could have
2728 grave consequences to the environment at a time when many
2729 nuclear plants are going offline. Currently, there are four
2730 planned deactivation of nuclear plants in Ohio and
2731 Pennsylvania which generate 40 million megawatts of
2732 electricity, and PJM, more than all the power from wind and
2733 solar combined in PJM.

2734 FirstEnergy Corporation recently filed a 202 request
2735 stating that immediate aid was needed for all coal and
2736 nuclear plants within PJM, not just their own. I have worked
2737 with many of my colleagues on this committee over the decades
2738 to updates to the Federal Power Act throughout the years
2739 including changes to the section 202(c). The current request
2740 concerns me in many ways. Section 202 has been used in the
2741 past for immediate crises from the California energy crisis

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2742 in 2000 to the East Coast blackouts in 2003. The mechanism
2743 has historically been used on a short-term basis.

2744 At a Bloomberg event recently, when asked to define an
2745 emergency you responded that you flip a light switch on and
2746 nothing happens. I agree with that characterization. Can
2747 you elaborate on that quote and what is in your mind and
2748 constitutes an emergency that justifies the use of 202(c)?

2749 Secretary Perry. Yes, sir. I think the observation is
2750 a very simplistic one that I use, but I think it cut right to
2751 the core. When you have a use for your energy whether it be
2752 a Wall Street financial institution, whether it be at the
2753 Federal Reserve and the computers that are there, whether it
2754 is on a military base to secure this country's liberties and
2755 freedoms, or if it is in your home and you have an all-
2756 electric home and it is a chill factor of minus 20 in the
2757 Northeast somewhere and you call for that power and it is not
2758 there that is an emergency.

2759 And that is exactly the point that I was trying to make
2760 in a very simplistic approach, but I think it did make the
2761 point that if you don't have this electricity, if you don't
2762 have this reliable source, then we have a real challenge and
2763 a real problem in this country and that is the reliability

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2764 and the resiliency issue of this grid. And being able to
2765 guarantee to the American people that that will be there is
2766 one of our roles, you as a United States Congressman and me
2767 as the Secretary of Energy.

2768 So from my perspective, having a diverse portfolio it is
2769 one of the things that we did in your home state over the
2770 course of the, particularly in the 2000s when they
2771 deregulated the energy market and we had this diverse, we
2772 developed more wind energy than any other state in the
2773 nation, the gas that came online, the other incentives that
2774 the state, and I think Mr. Tonko was talking about giving
2775 states some of this responsibility and I totally agree with
2776 that.

2777 But my point is the time for study is over again from my
2778 perspective. We have got to act on this because I don't want
2779 to wake up next winter with a polar vortex that is bigger
2780 than the one that we had before and having taken some nuclear
2781 plants and some coal plants offline and not having that
2782 resource, not having that energy available to protect the
2783 citizens' safety and/or their security.

2784 Mr. Green. Can you elaborate on the potential tools at
2785 DOE you feel could be better suited to securing a valuable

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2786 emissions-free nuclear plants, for example?

2787 Secretary Perry. Yes, sir. Well, this one is going to
2788 be a bit of a bank shot, but I think it makes the point,
2789 Gene, that we are in the process of, previous
2790 administrations, not just the last administration but if you
2791 go all the way back probably 20-25 years, previous
2792 administrations have not put into place, didn't respect the
2793 nuclear power industry. I think they overregulated them.
2794 They put a lot of cost on them through regulations. The last
2795 administration took away our ability to process high-assay
2796 uranium for the purposes of civil nuclear. That was started
2797 by the administration before the Obama administration but
2798 they shut that down and then the private sector has no place
2799 for that fuel.

2800 My point with all of this is we are at a critical place
2801 here today that if we don't send some messages whether it is
2802 making a good agreement with the Saudi Arabians to help them
2803 develop their civil nuclear program so that American
2804 contractors are going to have the supply chain to do that,
2805 that our universities don't have the incentives to put young
2806 men and women into the nuclear engineering field, all of that
2807 is going to come to a head and we are going to be at a

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2808 critical position and I think it is sooner than we realize.

2809 And if we don't have a civil nuclear program that is
2810 robust, it will soon have an impact on our ability to keep
2811 our weapons programs at the place because we won't have the
2812 intellectual capability coming up through our national labs
2813 to do this. I mean I just think this is, you bring up an
2814 incredibly important issue, Mr. Green.

2815 Mr. Green. Well, reliability is really important, like
2816 you said, when you turn on the light switch and they can't or
2817 the air conditioner or the heater, most of our problems in
2818 Texas when it gets real warm in the summer. Back we were
2819 joking yesterday, without air conditioning and elevators
2820 there would not be a Houston, Texas because of the heat from,
2821 literally, 1st of May to the end of September.

2822 While I disagree with the recent notice of public review
2823 directed to FERC in the section 202 filing, I do think it is
2824 important we look at planned retirements across the country.
2825 While not rising to the level of immediate emergency, this is
2826 an issue both DOE and Congress should address putting
2827 forward. Obviously in Texas we get, we have two nuclear
2828 power plants. Now we have an abundance of natural gas, and
2829 of course producing more wind power that was created during

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2830 your administration when you were governor than any other
2831 state in the Union. So, and hopefully we will do some solar.

2832 But in the Northeast they don't have the ability to that
2833 oftentimes with wind or solar so it is basically older
2834 production whether it be coal or nuclear power. And that is
2835 why we need to see how we can do it because those folks, we
2836 don't want those folks freezing in the dark. But anyway I
2837 want to follow what the Department of Energy does and
2838 hopefully our committee will work with you on making sure
2839 that reliability is important, but we also need to see as
2840 best we can how we get it done.

2841 Secretary Perry. Yes, sir.

2842 Mr. Olson. My friend's time is expired.

2843 I will call upon the gentleman from Oklahoma for 5
2844 minutes for questions.

2845 Mr. Mullin. Man, Texans do stick together. No, I am
2846 kidding. Anyways, hey, thank you, Mr. Chairman.

2847 Mr. Green. Well, Mr. Chairman, Oklahoma also steals
2848 football players from A&M and University of Texas and my alma
2849 mater University of Houston.

2850 Mr. Mullin. No, we don't steal. We recruit better. I
2851 mean obviously they want to go to, you know, a climate that

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2852 they can live in. Anyway, hey, thank you.

2853 And, Secretary Perry, I want to remind you of a time you
2854 met my son in Leader McCarthy's office. My boy wasn't very
2855 big at the time and he was talking to you. He was kind of
2856 like most little boys, he was looking around and you grabbed
2857 him by the shoulders and you set him on the chair and you
2858 said, young man, look at me in the eyes when you talk to me.
2859 And I had told my son that since the day he was born, and I
2860 really appreciate that. That meant a lot.

2861 Secretary Perry. I hope I did it in a very respectful
2862 way.

2863 Mr. Mullin. Oh, you did a hundred percent, but that is
2864 how we raise our kids. We are in Oklahoma too, and you look
2865 him in the eye and if he is not looking you in the eye I had
2866 probably thumped him in the head. It is just, that is called
2867 respect. So I appreciate that. That meant a lot to me.

2868 I want to talk to you obviously about Yucca Mountain and
2869 DOE's requirements. Can you summarize DOE's legal
2870 requirements pertaining to Yucca Mountain's licensing
2871 application?

2872 Secretary Perry. Yes, sir. This body as authorizers
2873 and the appropriations process has, and I think the

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2874 President's budget, \$110 million for the licensing to go
2875 forward. And I look at that as a way to get, you know,
2876 following the law. The law says that we will do this. There
2877 is an additional \$10 million in that appropriation request
2878 for temporary storage as well.

2879 Mr. Mullin. Is DOE required to create the Office of
2880 Civil Radioactive Waste Management to manage all these
2881 activities?

2882 Secretary Perry. Yes, by law.

2883 Mr. Mullin. In your last organizational chart for DOE
2884 was this office included in it?

2885 Secretary Perry. I can't answer that. You may know the
2886 answer to that.

2887 Mr. Mullin. Yes, I do, obviously. The answer to that
2888 is no. And as you alluded to a while ago, you are required
2889 by law to have that. Can you explain maybe why it was left
2890 out?

2891 Secretary Perry. Well, here would be my stab at that is
2892 that just because it is not named and doesn't have a line
2893 item does not mean that its duties are not covered in the
2894 agency.

2895 Mr. Mullin. Do you know who is covering that then? And

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2896 I say that because we really aren't seeing any --

2897 Secretary Perry. Can I get back with you and answer
2898 these questions after I have had some time to dig down into
2899 it and get you the proper answers?

2900 Mr. Mullin. Yes, absolutely.

2901 Secretary Perry. Yes.

2902 Mr. Mullin. Because what I am trying to fish for here
2903 is if it is from the appropriation process, is if that is why
2904 the office isn't manned, if that is why the duties of that
2905 office isn't being done, then for the committee's purpose we
2906 need to know and we need to know what is keeping it from
2907 happening. And like I said, if it is from the appropriation
2908 perspective we also need to know what it is going to take to
2909 do that.

2910 I think Mr. Shimkus alluded to how much it was costing
2911 the taxpayers right now just from the lawsuits that are
2912 taking place from the storage that we are supposed to taking
2913 care of as the United States Government and so I want to be
2914 able to help you. I want to work with you on it. So if you
2915 could please get back to my office.

2916 Secretary Perry. Yes, sir.

2917 Mr. Mullin. Let us know how we can help you because

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2918 that was really the line of the questions what I was going
2919 to, and I will actually yield back the remainder of my time.

2920 Mr. Olson. Thank you to my friend from Oklahoma.

2921 Mr. Walberg, 5 minutes for questions, sir.

2922 Mr. Walberg. Thank you, Mr. Chairman.

2923 And thank you, Mr. Secretary, for always being open to
2924 be here and answer the questions. Thank you for the energy
2925 you put into being the Secretary of Energy as well. It is
2926 encouraging for those of us in the northern climes to know
2927 that that is actually happening.

2928 I have the privilege of representing the energy district
2929 of the state of Michigan. Over 30 percent of all energy
2930 produced in Michigan is produced in my district. It is a
2931 fleet of all-of-the-above and some of that fleet sits right
2932 on one of the Great Lakes, Lake Erie, and so we are
2933 definitely concerned with cybersecurity. The challenge is
2934 not only that we are able to turn the lights on at any time
2935 but the environmental issues that go on thinking of the
2936 proximity there in the Great Lakes.

2937 You recently formed the new Cybersecurity, Energy
2938 Security, and Emergency Response office. I think that
2939 certainly shows, I believe, that you believe that elevating

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2940 cybersecurity functions to a Senate-confirmed assistant
2941 secretary level will help intergovernmental and interagency
2942 communications and multidirectional information sharing with
2943 the Department of Energy's ability to appropriately and
2944 quickly address cyber related emergencies, and I thank you
2945 for that.

2946 My concern is the sustainability of the Department of
2947 Energy's leadership on this important issue. Cybersecurity
2948 was not a surpassing concern back in 1977 when the Department
2949 was organized. It certainly is today. In my bill with my
2950 colleague and Ranking Member Rush, H.R. 5174, we specify
2951 functions related to cybersecurity and emergency response
2952 that we believe should be specifically led by a Senate-
2953 confirmed assistant secretary. Will you work with us to
2954 ensure that we can elevate that, Secretary, to law?

2955 Secretary Perry. Yes, sir.

2956 Mr. Walberg. I appreciate that. Over the past 7 months
2957 you have had a lot of experience in dealing with emergency
2958 action in your Department. During appearances before the
2959 committee in January, your Deputy Secretary and
2960 Undersecretary for Energy said that expectations for DOE's
2961 emergency response exceeded its authorities, if I recollect

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2962 correctly. From your experience to date, do you think there
2963 may be some additional tools or authorities DOE could use to
2964 help improve the ability of the agency's deployment of
2965 resources in an emergency?

2966 Secretary Perry. Yes, sir. I think it is always a
2967 thoughtful conversation to have to discuss with Congress and
2968 other agencies to make sure, you know, we complement when we
2969 need to complement. But if there is a direct line of
2970 authority that it is very clear, very precise so that no one
2971 gets confused about particularly during an emergency
2972 situation who is in charge.

2973 Mr. Walberg. I appreciate that and we would definitely
2974 want to work together with you on that. We want to examine
2975 things like surge funding or some other mechanism to enable
2976 DOE to have access to resources so the Department can respond
2977 more rapidly. So we hope that you can work with us on that.

2978 Secretary Perry. Yes, sir. Thank you.

2979 Mr. Walberg. Thank you, Mr. Chairman. I yield back.

2980 Mr. Olson. The gentleman yields back.

2981 The gentleman from South Carolina, Mr. Duncan, for 5
2982 minutes.

2983 Mr. Duncan. Thank you, Mr. Chairman.

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2984 And, Mr. Secretary, thank you for being here. I just
2985 want to lend my support at the outset here for the Nuclear
2986 Waste Policy Amendments Act that Chairman Shimkus and
2987 Markwayne Mullin from Oklahoma have mentioned. Getting Yucca
2988 Mountain back on track is imperative because we have a lot of
2989 waste sitting around this country and some of that is sitting
2990 at a place you visited back in February.

2991 And I want to thank you for visiting the Savannah River
2992 Site and Savannah River National Laboratory this year. SRS
2993 is an integral part in the Department of Energy's industrial
2994 complex responsible for environmental stewardship and
2995 cleanup, waste management and disposition of nuclear
2996 materials, along with a lot of other missions, ongoing
2997 missions that Savannah River Site has and I thank you for
2998 recognizing the important role of SRS through the DOE's
2999 fiscal year 2019 budget. I believe it provided for about 1.7
3000 billion, 287 million above enacted 2017 levels.

3001 I am on the Cleanup Caucus and we are concerned about
3002 environmental management and cleaning up the tank farms at
3003 sites like Savannah River Site, Hanford, and others. And the
3004 South Carolina Department of Health and Environmental Control
3005 describes the liquid waste management at SRS as the single

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3006 greatest environmental risk in South Carolina. There are
3007 more than 30 years of nuclear weapons material that has been
3008 produced in South Carolina sitting in those tank farms and
3009 the ongoing environmental management efforts are there.

3010 We also have the ability through the Defense Waste
3011 Processing Facility at SRS to vitrify that high level nuclear
3012 waste, turn it to glass so that it no longer poses a threat
3013 to leakage through those tanks and into the ground and
3014 aquifers. So the DOE's fiscal year 2019 budget requests an
3015 additional 74 million for SRS cleanup programs from the 2016
3016 levels, emphasis on the liquid tank waste cleanup project.

3017 What are DOE's top cleanup priorities for the site and
3018 how is your particular attention as Secretary going to
3019 facilitate tangible cleanup progress in South Carolina?

3020 Secretary Perry. Obviously we have a court-mandated
3021 requirement that we are very sensitive to in making sure that
3022 we have the resources to be able to do that. You know, we
3023 have had the discussion substantially over the last year
3024 since I have been at DOE over the issue of how to deal with
3025 the plutonium and clean that up.

3026 While I was out there I saw some good progress that is
3027 being made from the standpoint of the vitrification process

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3028 that is going on there and the tanks that are going to be
3029 used to store that, being able to move the plutonium out of
3030 South Carolina. And we are already doing that with the D&D
3031 process, but to get that substantially more robust to be able
3032 to move that waste out of there on an expedited schedule is
3033 obviously high on our priority list, if not the highest
3034 priority there.

3035 Mr. Duncan. Well, I appreciate that, Mr. Secretary.
3036 And, you know, whether it is at Hanford with their waste
3037 facility trying to vitrify the waste that is coming out of
3038 their tank farms, ultimately this high level radioactive
3039 waste needs to go to Yucca Mountain and right now the
3040 vitrified waste is sitting on a concrete slab under a metal
3041 building at Savannah River Site. It is actually down in the
3042 concrete as you saw.

3043 Secretary Perry. Yes, sir.

3044 Mr. Duncan. Let me shift gears but stay at Savannah
3045 River Site because we have the MOX facility down there. We
3046 are under obligation under the Non-Proliferation Treaty with
3047 countries like Russia to do something with the nation's
3048 plutonium that is coming out of the nonproliferation aspects
3049 and I believe the MOX facility at SRS is the right thing to

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3050 do with that plutonium. Currently, we are committed to rid
3051 the world of about, I think, enough plutonium to make 17,000
3052 nuclear weapons.

3053 So I would love to see the continuation of construction
3054 at the MOX program and eventually completion. We have
3055 already spent a ton of money down there and I truly believe
3056 we can bring more efficiency to the project and it can be
3057 completed in a third of time and for almost half the
3058 additional cost than what the NNSA predicts. You indicated
3059 in your testimony that the 2019 budget continues termination
3060 activities for the MOX but provides 220 million for use
3061 toward orderly, safe closure for the project. What do you
3062 envision for the future of this site, the MOX facility, and
3063 if not MOX, what do you determine to be the most efficient
3064 and effective way to remove the plutonium from South
3065 Carolina?

3066 We didn't ask for the plutonium to come there. It is
3067 stored on site. It is not a long-term storage facility. It
3068 was brought there in order to be turned into mixed oxide fuel
3069 to be used in nuclear reactors around the country. That is
3070 what the purpose was.

3071 Secretary Perry. Yes, sir.

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3072 Mr. Duncan. We spent a lot of money. Where are we
3073 going from here?

3074 Secretary Perry. Yes, sir. And I will try to be as
3075 brief as I can. The issue on the reason that got started was
3076 an agreement with the Russians. The Russians have
3077 unilaterally walked away from that agreement. They said they
3078 would come back to the table if we met certain requirements
3079 and you know what those are, you know, and they are
3080 unacceptable. I mean they are asking us to do things that
3081 this country is not going to do to come back and sit down at
3082 the table.

3083 So the way I look at that is they have walked away and
3084 we have to look at our options. This is a facility that is
3085 obscenely over budget. And again I don't want to rehash and
3086 relitigate all these numbers, but the fact is there is an
3087 alternative and the alternative is dilute and dispose which
3088 we are using now as a matter of fact shipping plutonium out
3089 of South Carolina to WIPP at this particular point in time.
3090 We think that is --

3091 Mr. Duncan. The EPA has said that WIPP is not an
3092 acceptable site. Yucca might be. The thing is, Russia has
3093 walked away but the facts of the matter are we have plutonium

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3094 sitting in South Carolina that has come out of that
3095 nonproliferation agreement. WIPP is not going to be ready.
3096 Yucca, we are struggling around here to fund that. MOX is
3097 absolutely the right facility and I would love to sit down
3098 with you and talk with you about that at some point.

3099 Mr. Chairman, thanks for the leniency and I yield back.

3100 Secretary Perry. You are on.

3101 Mr. Olson. The time is expired.

3102 Mr. Long, 5 minutes for questions.

3103 Mr. Long. Thank you, Mr. Chairman.

3104 And thank you, Secretary Perry, for being here today.

3105 Secretary Perry. Yes, sir.

3106 Mr. Long. Texas A&M University, where is that located?

3107 Secretary Perry. Where is it located?

3108 Mr. Long. Yes.

3109 Mr. Olson. College Station, Texas.

3110 Secretary Perry. It is, some would say that --

3111 Mr. Long. I don't believe I yielded to you, did I?

3112 Secretary Perry. Some would say it is of the epicenter
3113 of the world, but we will just leave it at it is in Brazos
3114 County, Texas.

3115 Mr. Long. College Station, Texas?

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3116 Secretary Perry. In the city of College Station.

3117 Mr. Long. And that is the only campus?

3118 Secretary Perry. No, sir. It is the main campus.

3119 There are --

3120 Mr. Long. I didn't ask you about the main campus. I
3121 said where is it located?

3122 Secretary Perry. Oh, it is in College Station, Texas on
3123 Highway 6 and it goes both ways.

3124 Mr. Long. That is the only campus?

3125 Secretary Perry. It is the only main campus.

3126 Mr. Long. Where are the other campuses?

3127 Secretary Perry. The other campuses are --

3128 Mr. Long. Outside of this country, I will cut to the
3129 chase.

3130 Secretary Perry. They are in a lot of different places.

3131 John Dalton --

3132 Mr. Long. Like Qatar?

3133 Secretary Perry. And there is one in the country of
3134 Qatar right out of Doha.

3135 Mr. Long. I was in Qatar 10 days ago.

3136 Secretary Perry. Yes, sir.

3137 Mr. Long. And walked in and they are all Aggie there,

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3138 trust me.

3139 Secretary Perry. Sure.

3140 Mr. Long. They are very, very happy with their
3141 affiliation and the students are doing great. Your picture
3142 was right there on the wall as I walked in and they are Aggie
3143 through and through. So I was pleased to see your picture on
3144 the wall when we went in and toured Texas A&M in Qatar just
3145 the other day.

3146 Speaking of universities, I would like to speak about
3147 another university. In recent hearings with your senior
3148 Department of Energy leadership I asked about the Department
3149 of Energy's support of the University of Missouri's MURR
3150 Nuclear Reactor. The MURR reactor trains nuclear engineers,
3151 some of who are funded through Department of Energy's Nuclear
3152 Energy University Program.

3153 Private companies in coordination with the University
3154 are seeking approval to produce lifesaving medical isotopes
3155 in partnership with the National Nuclear Security
3156 Administration, NNSA. And the University is currently
3157 studying a partnership with the NNSA to convert the reactor
3158 to use low-enriched uranium instead of highly enriched
3159 uranium or HEU. I have got to tell you I was disappointed to

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3160 see that the Integrated University Programs were defunded in
3161 your fiscal year 2019 budget, but I hope you see the value in
3162 these activities as we do at the University of Missouri.

3163 Will you please talk about the importance of our nuclear
3164 research infrastructure and how the Department of Energy
3165 supports this critical work particularly in its university
3166 programs?

3167 Secretary Perry. Yes, sir. I think you are making
3168 reference to the research reactor there at the University of
3169 Missouri and it is in medical isotopes and the manufacture of
3170 medical isotopes and there are a number of places across the
3171 country that we are partnering with that. It is for
3172 precision medicine for some of the things that we talked
3173 about with Mr. McNerney. On our ability to practice
3174 precision medicine these facilities are really going to be
3175 important.

3176 Mr. Long. They are very important.

3177 Secretary Perry. We want to work with you and --

3178 Mr. Long. All right, thank you. With the ever-
3179 increasing cyber threats to the grid, I am pleased that the
3180 steps have been taken to create CESER, the Office of Cyber-,
3181 Energy Security, and Emergency Response and I look forward to

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3182 that office getting up and running. In your opinion, since
3183 your confirmation has the electric grid become more or less
3184 responsive to cybersecurity threats?

3185 Secretary Perry. Well, I think the threat has increased
3186 but that shouldn't shock anyone. I think the threat
3187 potential is greater today than it was a year ago. Are we
3188 more resilient? I can't answer that with great definition.
3189 What I think is that we are exposed in certain areas. We
3190 need to be all hands on deck. That is the reason we are
3191 asking for the cyber office to be stood up.

3192 With that said, our national labs are making some, I
3193 think, good inroads in both the defensive and offensive ways
3194 to deal with those that would attack our electrical grid.

3195 Mr. Long. Let me ask you one more question and I will
3196 be about out of time at the end of this probably, but the
3197 fiscal year 2019 budget calls for 96 million in funding for
3198 the CESER, or for CESER. Can you explain a little bit about
3199 the program and how this money will be used to ensure we are
3200 securing our grid from the continuous cyber threats that we
3201 face?

3202 Secretary Perry. Well, the focus is on the cyber
3203 threats from both state actors, you know, and we are talking

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3204 about a year ago, Russia with Petya. We saw the impact on
3205 that. We have seen what has happened in Ukraine with two
3206 attacks on their power grid. The Iranians are who attacked
3207 the Aramco Electrical or their control panels. So nation
3208 state attacks are very real. You know, they are not going to
3209 -- as late as this last week we had conversations about, you
3210 know, what can we expect with the Syrian issue. Should we be
3211 on more heightened alert? And I would suggest to you yes.

3212 So the issue is this Office of Cybersecurity, our
3213 national labs working with the private sector, working with
3214 universities, I don't think it has ever been more important
3215 for us to be able to maintain the national security of this
3216 country relative to our grid, both as we have talked about at
3217 length here today about the resources to be able to keep the
3218 power to that grid, but also to protect that grid from cyber
3219 attacks is as important as it has ever been in our country's
3220 history.

3221 Mr. Long. Thank you. And thanks for being here today.
3222 It has been a long hearing and I am sure you are kind of
3223 tired. And I yield back.

3224 Mr. Olson. Time is expired.

3225 The gentleman from Massachusetts has 5 minutes for

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3226 questions, Mr. Kennedy.

3227 Mr. Kennedy. One more to go, Mr. Secretary. Thank you.
3228 Thank you for your patience. Thank you for spending so much
3229 time with us and I will echo the comments of our colleagues,
3230 thank you for being so accessible, grateful that you are
3231 here.

3232 As our nation makes the transition from a 20th to 21st
3233 century energy economy we know that innovative sources of
3234 power will be an important part of that generation mix. Wind
3235 power is a steadily growing portion of the energy sector that
3236 provides clean power to millions of Americans and creates
3237 thousands of jobs across our country. Your home state of
3238 Texas, Mr. Secretary, during your tenure as governor wind
3239 power resources and energy grew by leaps and bounds. It is
3240 my understanding that according to ERCOT, wind made up 17
3241 percent of the fuel mix in 2017.

3242 So I wanted to ask you, I think, a pretty general
3243 question to start. Do you agree, Mr. Secretary, that wind
3244 energy is an important part of our nation's power sector?

3245 Secretary Perry. Yes, sir.

3246 Mr. Kennedy. So despite this growth, and I appreciate
3247 the answer, we have only one offshore wind project coming

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3248 online in the United States. Other nations such as the U.K,
3249 Germany, and China have developed these projects in their own
3250 waters. My home state of Massachusetts proposes to be a
3251 leader in this effort. In my district we have made
3252 significant investments in Fall River and in Dartmouth and
3253 just across the border, the district in New Bedford, to
3254 become a national leader in offshore wind. Just recently,
3255 the Department of Interior announced proposed sales of two
3256 areas off the coast of Massachusetts to develop offshore
3257 wind.

3258 Yet, unfortunately, Mr. Secretary, America risks being
3259 left behind as our allies and peers lead the growth of an
3260 industry that remains largely dormant here despite the
3261 potential to boost the economy and create jobs. Even more
3262 concerning, I know you have already touched about this a bit,
3263 is this year's budget request from the Trump administration
3264 that included a 72 percent cut in the DOE Office of Energy
3265 Efficiency and Renewable Energy.

3266 I am not going to make you comment on that again. I
3267 think you have been pretty clear about where you stand on
3268 that cut. But I do want to ask you how DOE is going to
3269 continue to support research and development of offshore

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3270 wind.

3271 Secretary Perry. Mr. Kennedy, we discussed, you know,
3272 this is an industry that is becoming mature. And so the
3273 private sector, the states, if, you know, in my home state
3274 one of the reasons we had that big wind energy growth was
3275 that the state invested in the CREZ lines. You know, we
3276 didn't subsidize the specific projects, but we basically said
3277 we are going to build these lines if you all will commit to
3278 building all these farms out. They did and you know what the
3279 results are. So I think not only the state but the private
3280 sector has the place to play this.

3281 Here is what I will tell you that the DOE is going to
3282 continue to play a role in this, this is important. And
3283 again we were in Livermore this last week and the technology
3284 that is coming out of there, and this is on again rotor
3285 technology that makes these turbines substantially more
3286 efficient so that, you know, then that gets commercialized
3287 and goes into the private sector where it makes it even more
3288 of a commercialized product in the market and more
3289 competitive.

3290 Mr. Kennedy. More viable.

3291 Secretary Perry. So my point is we are going to

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3292 continue to be a partner, maybe not as big as we were when
3293 wind and solar was more in its infancy, you know, we are
3294 shifting over to batteries and beyond battery to hydrogen
3295 fuels and some of the more immature but may have great
3296 potential energy sources in the future. So I am a big
3297 believer in wind and I hope that Massachusetts and other
3298 states that want to see a diverse portfolio, you know, I
3299 don't think it is a good idea to have Russian molecules of
3300 gas in Boston Harbor. But if you can't get it from the West
3301 you are going to get it from somewhere and I think that is
3302 another debate or discussion that we can have into the future
3303 about how we make sure that this entire country has got an
3304 infrastructure that will allow for all of our citizens to
3305 enjoy this energy revolution that is occurring in America.

3306 Mr. Kennedy. And, Mr. Secretary, I appreciate that. I
3307 would agree with you it obviously gets complex as you try to
3308 look at the local resources and the voices of the local
3309 community. We do have a vibrant local community that is, I
3310 think, ready and willing to make this investment in
3311 coordination with our federal government partners, DOI, DOE,
3312 and I would ask just for you to keep it on your radar and as
3313 we to be a partner as we have seen and as we saw under your

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3314 stewardship in Texas to see the growth of wind industry
3315 there. Just to finish this to make sure that the point is
3316 clear and I think it is, in 2017 the Clean Energy States
3317 Alliance, a coalition of state energy agencies, released
3318 three reports on the future of offshore wind in the
3319 Northeast, the reports which were actually partially funded
3320 by DOE that projected that offshore wind projects in the
3321 Northeast have the potential to add more than 35,000 jobs in
3322 the region.

3323 My colleagues, Niki Tsongas and Bill Keating, just
3324 introduced a bill that would create a grant program to
3325 support offshore wind job training including partnerships
3326 with colleges and universities and nonprofits and unions and
3327 local governments. Investment in that wind energy is more
3328 than just a clean energy future especially in my district,
3329 sir. It represents jobs, economic development, opportunity,
3330 education, and a whole new industry base and expertise that
3331 is homegrown. I know the DOE mission is to, quote,
3332 ensure America's energy security and prosperity by addressing
3333 its energy, environmental, and nuclear challenges through
3334 transformative science and technological solutions. So I
3335 would hope that you would continue to focus on how we can

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3336 partner with you, understanding there has got to be a private
3337 sector component to this and a state component to this.

3338 Secretary Perry. Yes, sir.

3339 Mr. Kennedy. But I think we have seen there is a
3340 willingness to do so and we are going to need your help.

3341 Secretary Perry. And, Mr. Kennedy, one of the things
3342 that I will offer you and to make the introduction, the
3343 university in Texas that probably has as good of wind energy
3344 history and experience and expertise is Texas Tech in
3345 Lubbock, Texas. And, you know, getting the states to work
3346 with each other that may be a great opportunity. There used
3347 to be a real good Boston to Austin connectivity so Boston to
3348 Lubbock might be okay too.

3349 Mr. Kennedy. I appreciate that, sir. As long as we
3350 aren't talking football we are in good shape.

3351 Secretary Perry. Yes, sir.

3352 Mr. Kennedy. Thank you, sir.

3353 Mr. Olson. Time has expired.

3354 Seeing that no further members wishing to ask questions,
3355 I would like to thank Secretary Perry for coming this
3356 afternoon. And I trust, sir, that the proceedings you talked
3357 with before did not happen here today. You know what I am

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3358 talking about, correct?

3359 Secretary Perry. That is correct.

3360 Mr. Olson. And you are cleared now to depart the
3361 pattern with a proud, loud Aggie whoo.

3362 And before we conclude I would like to ask unanimous
3363 consent to submit the following documents for the record:
3364 Letters from the Utilities Technology Council; a statement
3365 from the R Street Institute; three letters to the President
3366 from Members of Congress; a letter to the President from the
3367 International Brotherhood of Teamsters; a letter to the
3368 President from United Mine Workers of America; a letter to
3369 the President from the International Brotherhood of
3370 Boilermakers, Iron Shipbuilders, Blacksmiths, and Forgers and
3371 Helpers; a letter to the President from the Utility Workers
3372 Union of America; a letter to Secretary Perry from the Energy
3373 Industry Trade Association; a letter to Secretary Perry from
3374 the Pennsylvania Public Utility Commission; a letter to
3375 Secretary Perry from the FirstEnergy; a response letter from
3376 PJM to Secretary Perry; a letter from NEI to Chairman Walden.

3377 Without objection, so ordered.

3378 [The information follows:]

3379

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3380

*****INSERT 5*****

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3381 Mr. Olson. Pursuant to committee rules, I remind
3382 members that they have 10 business days to submit additional
3383 questions for the record and ask that the witnesses submit
3384 their response within 10 business days upon receipt of the
3385 questions. Without objection, the subcommittee is adjourned.
3386 [Whereupon, at 1:21 p.m., the subcommittee was
3387 adjourned.]