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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., in
17 Room 2123 Rayburn House Office Building, Hon. Fred Upton [chairman
18 of the subcommittee] presiding.

19 Members present: Representatives Upton, Olson, Barton,
20 Shimkus, Latta, Harper, McKinley, Kinzinger, Griffith, Johnson,
21 Long, Bucshon, Flores, Mullin, Hudson, Cramer, Walberg, Duncan,
22 Walden (ex officio), Rush, McNerney, Peters, Green, Doyle,
23 Castor, Sarbanes, Tonko, Loeb sack, Schrader, Kennedy,
24 Butterfield, and Pallone (ex officio).

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

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50 C.J. Young, Minority Press Secretary; and Catherine Zander,
51 Minority 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.

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.

There is \$15 billion for the National Nuclear Security Administration which would continue critical spending for DOE's defense and national security programs at a level some \$200 billion higher than the previous administration spending. The budget maintains about five and a half billion dollars for the Office of Science and its fundamental and basic research programs which is the seed bed for innovation. That is up somewhat from the previous administration spending. And there is \$6.6 billion for the Office of Environmental Management, the highest level in some 15 years. Concerning the various energy programs, the budget provides two and a half billion which represents a substantial cut, overall, from the previous spending across these

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98 programs. And I would encourage you to continue working with
99 the committee to identify additional authorities that you need
100 to be more effective and I know that you will do that.

101 We also need to recognize that as our energy systems, market
102 mechanisms, and federal and state environmental policies become
103 more entangled, existing and emerging hazards to energy systems
104 may have far more reaching consequences than we may be accustomed
105 to. For example, a successful cyber attack on certain business
106 systems would certainly undermine confidence in energy trading
107 systems even if it doesn't pose a threat to physical operations.

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

114 So these energy policies and energy securities present
115 serious challenges, no question, challenges that transcend our
116 current market setup. It is essential for you as Secretary of
117 Energy to survey energy and national security risks, to identify
118 the implication of our existing energy policy and energy
119 infrastructure, recommend appropriate action, and help us make
120 more informed policy decisions. Your budget should provide the
121 resources for you to do that work and your leadership should focus

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122 on tackling those large and consequential questions.

123 I look forward to this morning's discussions and would yield
124 for an opening statement to the ranking member of the Energy
125 Subcommittee, Mr. Rush from Illinois.

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

127

128 *****INSERT 1*****

129 Mr. Rush. Good morning. I want to thank you, Mr. Chairman,
130 and I want to welcome you, Mr. Secretary. And, Mr. Secretary,
131 I really like how you entered into the room. You came over and
132 shook hands on the side of the aisle, here, and your personal
133 touch means a lot. And in this era of extremism on both sides,
134 really, the human touch you exhibited means a lot to me and I
135 want to thank you for it.

136 Mr. Secretary, I look forward to working with your office
137 to ensure that the Department moves the nation's energy policies
138 forward in a way that benefits all Americans and, indeed, benefits
139 all communities. History has shown all of us the importance of
140 having people with different perspectives and different life
141 experiences at the proverbial table when important and
142 consequential decisions are initially being considered.

143 So when I talk about having diversity in leadership positions
144 at DOE, it is just not for the sake of having diversity. But
145 rather, it helps to ensure that specific groups or communities
146 aren't being excluded whether it is intentional or not. When
147 decisions are being made regarding which universities are awarded
148 research grants, or which businesses can receive contracts, or
149 even how a specific policy might impact a particular community,
150 having a sense of diversity, having real diversity in demographics
151 and in opinion, helps to make sure certain groups aren't being
152 left out. So, Mr. Secretary, I look forward to meeting with you

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153 soon to discuss your thoughts on this very issue and to see how
154 we might be able to work together to make sure that the Department
155 is providing aid and resources to all communities in a way that
156 is sustainable regardless of the administration that is in office.

157 Mr. Secretary, besides the objective of making sure the
158 Department elects inclusive policies I also have strong views
159 in regards to the fiscal year 2019 budget proposal that was put
160 forth by the administration. Specifically, this budget proposal
161 will cut the Office of Energy Efficiency and Renewable Energy
162 by 70 percent from fiscal year 2018 levels with over \$600 million
163 of these reductions coming from energy efficiency programs.

164 These proposed cuts are a nonstarter as far as I am concerned.

165 They would severely and negatively impact low-income families
166 throughout my home state of Illinois and the nation by eliminating
167 extremely popular and much-needed initiatives such as the
168 Weatherization Assistance Program and the STAR ENERGY program.

169 Additionally, the proposal would increase funding of the Office
170 of Science, which funds the 17 national laboratories, by \$869
171 million from fiscal year 2018 levels, eliminating the Advanced
172 Research Program Agency, slash, Energy, or ARPA-E.

173 The budget proposal would also get rid of all DOE loan
174 programs including the Title XVII innovative clean energy
175 projects loan program and the Advanced Technology Vehicles
176 Manufacturing loan program. Mr. Secretary, this fiscal year 2019

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177 budget proposal reflects exactly the wrong vision for the nation
178 and it would take us backwards on critical issues like climate
179 change, while also hampering American innovation and global
180 competitiveness.

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

185 Mr. Upton. The gentleman yields back. The chair would
186 recognize the chair of the full committee for an opening
187 statement, the gentleman from the good state of Oregon, Mr.
188 Walden, for 5 minutes.

189 The Chairman. You know, last time it was the great state
190 of Oregon.

191 Mr. Upton. I know.

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

193 Mr. Upton. Michigan is the great state. Oregon is a good
194 state.

195 The Chairman. Oh, I see.

196 I want to start of course by welcoming the Secretary and
197 Mr. Vonglis, thank you both for being here. I believe it is the
198 Secretary's second visit before our committee and we appreciate
199 that. We like regular visitors here. We don't give, you know,
200 Hilton Honor points or anything for your stays, but we do

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201 appreciate your being here and especially to discuss the fiscal
202 year 2019 budget request from the President.

203 As we have explored through the DOE modernization hearings,
204 lots has changed at the Department of Energy over the 40 years
205 since it was first created especially on the national security
206 and energy front. And I know that is a passion of yours on
207 cybersecurity, Mr. Secretary, and protecting our energy grid,
208 our gas pipeline system and all from attack. Under your
209 leadership, Mr. Secretary, the Department is undertaking a very
210 ambitious set of reforms to strengthen our energy security, to
211 reduce regulatory burdens, and to spur economic growth in America.

212 Today's hearing will provide you with an opportunity to update
213 the committee on the progress made toward achieving those goals
214 and to discuss how the budget request will help further DOE's
215 mission to advance the national economic and energy security of
216 the United States.

217 As we have discussed before, DOE and Congress must work
218 cooperatively to adapt management and mission priorities to
219 reflect the realities of today's world. At my direction,
220 Chairman Upton and Vice Chairman Barton have been working with
221 Mr. Rush and others in terms of how do we organize the Department
222 of Energy for the next generation. And we appreciate that work
223 that is underway and we also appreciate the work of your team,
224 Mr. Secretary, to give us counsel and guidance from time to time

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225 as we work on legislation here to strengthen the physical security
226 and cybersecurity of the nation's electric grid and pipelines
227 and streamline the process for reviewing LNG export applications.

228 The Department of Energy has been a good partner and we
229 appreciate the testimony and your assistance in fine tuning these
230 bills. It is my expectation this constructive approach will
231 continue to pay off as we dig deeper to address DOE's core missions
232 of nuclear energy, environmental cleanup, and mission-enabling
233 science.

234 The President's fiscal year 2019 budget requests \$30.9
235 billion for the Department to deliver on its commitments to the
236 American people. Almost half that budget would go toward the
237 Department's nuclear security mission, roughly a quarter would
238 be spent on environmental management, the remaining amount would
239 go toward DOE's energy and science programs. I am pleased to
240 see that the budget also includes funding to fulfill the
241 Department of Energy's legacy cleanup responsibilities including
242 at the Hanford Site.

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

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249 As we talked before the hearing, Mr. Secretary, I would love
250 to explore your views on what has happened recently there with
251 some potential radiation emissions from dust and the effect on
252 workers and the overall cleanup. While many technical and
253 logistical challenges remain, we are beginning to see some
254 progress and I trust your renewed focus on Hanford will accelerate
255 the results of cleaning up that mess. I am pleased the budget
256 includes funding to restart Yucca Mountain project -- Mr. Shimkus
257 also probably shares some happiness with that move -- so the waste
258 currently sited at Hanford and around the country will be
259 permanently disposed of. That remains a big priority for this
260 committee. We will get Yucca legislation to the floor. We
261 passed out it here on a big bipartisan vote, we want to get it
262 down to the President's desk.

263 This year's budget request is notable in its emphasis on
264 energy security, in particular in combating physical and cyber
265 attacks to our nation's energy infrastructure. As the
266 sector-specific agency for cybersecurity for the energy sector,
267 the Department of Energy must ensure unity of effort and serve
268 as the day-to-day referral interface for the prioritization and
269 coordination of activities across the government.

270 As I said, I got a firsthand look at some of DOE's testing
271 capabilities and unique facilities and advanced tools during a
272 recent visit to the Idaho National Laboratory in Idaho Falls.

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273 Mike Simpson, my colleague from Idaho, and I were there. Your
274 experts are working to protect our economy and safety of our
275 citizens from hackers who are waging a continuous cyber war on
276 our critical infrastructure in this country.

277 Just last month for the first time ever, the Department of
278 Homeland Security and the FBI jointly issued an alert formally
279 accusing the Russian Government of a widespread hacking campaign
280 targeting a wide swath of our energy infrastructure including
281 our grid, pipelines, and nuclear facilities. I commend you, Mr.
282 Secretary, for taking this threat as seriously as you do and for
283 your efforts to improve the Department's ability to detect and
284 respond to these emergency threats.

285 While the Department works to keep the lights on in the event
286 of a cyber attack, it is also working to improve the resiliency
287 and reliability of the electric grid in the face of a rapidly
288 changing power generation mix. So, Mr. Secretary, we appreciate
289 that. I will have questions for you about making sure that the
290 Bonneville Power Administration remains a vibrant part of the
291 Northwest infrastructure. I know the administration may have
292 a different view on that but we will overcome that.

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

295 [The prepared statement of The Chairman follows:]

296

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*****INSERT 2*****

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

301 Mr. Pallone. Thank you, Mr. Chairman.

302 Secretary Perry, welcome back. I hope you feel welcome,
303 because judging by President Trump's fiscal year 2019 budget,
304 I think here in Congress we have more confidence in you and your
305 Department than in the President. I say that because we recently
306 passed a bipartisan omnibus appropriations bill that not only
307 increased funding for many DOE programs above the President's
308 budget request, but also increased funding above 2017 enacted
309 levels.

310 And I am glad that Congress is going on record that it will
311 not accept these severe cuts being proposed by the President.

312 I don't envy the position you are in today, having to defend
313 a Department of Energy budget that slashes funding for clean
314 energy research, walks away from popular efficiency programs that
315 save consumers money, eliminates programs that fund cutting-edge
316 energy research, and helps low-income families weatherize their
317 homes.

318 And this budget also slashes federal investments in DOE
319 programs that help mitigate carbon emissions which are, as the
320 science clearly shows, the main drive of climate change. The
321 President's budget proposes a particularly crippling 70 percent

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322 cut to DOE's Office of Energy Efficiency and Renewable Energy
323 and that office has succeeded in growing clean energy technology
324 deployment, developing cost-saving energy efficiency programs,
325 and promoting advanced vehicles and alternate fuels. If we put
326 the brakes on clean energy research, development, and deployment,
327 we risk falling behind countries like China that are prioritizing
328 clean energy investments that are spurring new industries and
329 creating jobs and this is not a way to grow and expand our economy,
330 in my opinion.

331 I am also very concerned about the budget cuts to efficiency
332 programs. My frustration is compounded by the fact that this
333 administration has been slow-walking the publication of four
334 product efficiency standards that were completed over a year ago.

335 I simply do not understand why you would block the completion
336 of these standards which are cost effective and will save
337 consumers money. The standards have also been fully negotiated.

338 The U.S. District Court has ordered DOE to finally publish these
339 standards, but the Trump administration is currently wasting
340 taxpayer money to appeal the order. The law requires the DOE
341 to publish these standards and it should be done immediately.

342 The budget proposal also makes several misguided changes
343 to the structure of the power marketing administrations, PMAs.

344 It directs the federal government to sell off a large portion
345 of the transmission system in several PMAs; it also requires the

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346 PMAs to charge consumers for electricity based on the rates of
347 comparable private utilities instead of simply recouping costs.

348 And both of these actions, I think, are ill-conceived and will
349 lead to higher electricity bills for those who purchase
350 electricity from a PMA and that is clearly bad for consumers.

351 Another proposal I find especially foolish is the
352 President's plan to abolish the Northeast Gasoline Supply Reserve
353 which was launched after several gasoline shortages during
354 Superstorm Sandy. The administration's reasoning for this
355 shortsighted proposal that the reserve, and I quote, has not been
356 utilized since its establishment. By that logic, we might as
357 well discard the federal government's stockpile of smallpox
358 vaccines because the vaccines have not been used since the
359 stockpile was created. And I have introduced legislation to
360 authorize the reserve. I would prefer to work with you, Mr.
361 Secretary, to perfect and move that legislation, but I certainly
362 will fight any attempt to eliminate the reserve.

363 And, finally, I must address the recent request the
364 Department received from FirstEnergy and Murray Energy to use
365 section 202(c) of the Federal Power Act to keep the companies'
366 cash-strapped coal and nuclear plants operational. Mr.
367 Secretary, judging by your recent statements and those of
368 Assistant Secretary Walker, it sounds like you appreciate that
369 section 202(c) is for serious grid emergencies as explicitly

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370 designed in the statute and not designed to bail out power plants
371 that are using money.

372 So this request by FirstEnergy, in my opinion, is like
373 calling 911 because your credit card got declined. It has united
374 Republicans, Democrats, energy companies and environmental
375 groups, regulators, and consumers in opposition because it is
376 clearly and simply not just inappropriate but, I think, illegal.

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

381 I yield back, Mr. Chairman. Mr. Upton. The gentleman
382 yields back. And I would just echo many of the positive comments
383 from both sides of aisle that we do appreciate your presence here
384 and your frequent visits to Capitol Hill and ability to reach
385 out again to both sides. And, Mr. Secretary, you are recognized
386 to give an opening statement and then we will proceed with
387 questions.

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388 STATEMENT OF THE HONORABLE RICK PERRY, SECRETARY, U.S. DEPARTMENT
389 OF ENERGY

390

391 STATEMENT OF SECRETARY PERRY

392 Secretary Perry. Thank you, Mr. Chairman. And Chairman
393 Walden, thank you for your comments. And Ranking Member Rush
394 and along to each of you, it is my privilege to be back in front
395 of you again. And, Mr. Rush, just as a side comment, I hope that
396 we all can reflect a real civility and, frankly, brotherly and
397 sisterly love as we go forward in this process. And it is my
398 honor to get to serve this country once again in this role that
399 I have today and it is a great privilege to be interacting with
400 each of you as public servants. You all sacrifice to serve this
401 country and I am greatly appreciative of that.

402 This budget represents a request to the American people
403 through their representatives in Congress to fund the priorities
404 of this Department. It underscores DOE's commitment to
405 stewardship, accountability, service; I hope that our
406 interactions with you and other committees of Congress over the
407 past year have underscored that commitment. Our DOE leadership
408 team has appeared before congressional committees 23 times in
409 2017 and we are proud of the strong relationship that we have
410 built on the Hill.

411 When I first appeared before this committee last year, I

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412 committed DOE to advancing several key objectives. I noted that
413 we needed to accelerate our exascale computing capability; to
414 modernize our nuclear arsenal; to continue to address the
415 environmental legacy of the Cold War; advance domestic energy
416 production; better protect our energy infrastructure. This
417 fiscal year 2019 30.6 billion budget request for the Department
418 seeks to advance these and other goals.

419 Mr. Chairman, DOE's supercomputing and other advanced
420 technology capabilities play a crucial role in combating threats
421 to our energy and national security infrastructure. As this
422 committee knows from its strong bipartisan support of the 21st
423 Century Cures legislation, these supercomputing assets are also
424 critical to finding cures for cancer, cardiovascular disease,
425 and other health challenges.

426 In the Precision Medicine Initiative section of the Cures
427 Act, section 2011, you encouraged the Secretary of Health and
428 Human Services to coordinate with the Secretary of Energy to
429 identify and address the technology needs for the initiative.

430 So last week I met with HHS Assistant Secretary for Health and
431 the Surgeon General to discuss how we can work together to address
432 these goals and further utilize our capacity to address similar
433 health problems faced by American veterans.

434 Mr. McNerney, you and I had talked about this with a little
435 more specificity and I hope to be able to come up and sit down

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436 with you because I know that you have a very real interest in
437 this particular area and I just think there is extraordinary
438 opportunity here.

439 On a parallel track, DOE has been working with the VA to
440 utilize information from millions of cancer patients' records
441 to determine optimal treatment. We are now bringing these tools
442 to bear on veterans' health issues ranging from traumatic brain
443 injury to suicide prevention, prostate cancer, cardiovascular
444 disease; in addition, we recently announced a major RFP to
445 accelerate our efforts to regain American leadership in
446 supercomputing. The machines we will build and will deploy will
447 be 50 to 100 times faster than any of our current computers and
448 will hold immense potential to help to answer the most challenging
449 questions in science and medicine and national security.

450 Regarding national security let me say that the United States
451 Government has no greater or more solemn duty than to protect
452 its citizens. Because nuclear deterrence is critical to our
453 defense, last year we promised a much-needed upgrading of our
454 arsenal. This year we requested an 8.3 percent increase to align
455 ourselves with the President's Nuclear Posture Review and the
456 National Security Strategy. We also focused on addressing the
457 environmental legacy left at the Department's sites and this year
458 we are requesting additional funds for that obligation.

459 We also have a duty to advance American energy independence.

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460 Thanks to ingenuity innovation, we are on the cusp of realizing
461 that objective. In the coming years we will produce an abundance
462 of energy from a diverse number of sources. Not only are we
463 becoming energy independent, we are exporting to our friends,
464 our allies, and our partners. Just last year we became a net
465 exporter of natural gas and today we are exporting LNG to 27
466 countries on five different continents.

467 And as our economy expanded and the energy development
468 reached new heights, our environment became cleaner. From 2005
469 to 2017, we led the world in reducing carbon emissions cutting
470 them by 14 percent over that time. The lesson is clear, we don't
471 have to choose between growing our economy and caring for our
472 environment and that is the heart of the new energy realism that
473 I recently described.

474 To drive further energy innovations we are requesting
475 continued funding for our energy program offices as well as more
476 funding for research in fossil fuels and nuclear power including
477 small nuclear reactors, the modular reactors. At the Department
478 we have a duty to ensure our energy actually delivers to its place
479 of use without interruption. Our national and economic security
480 depend on a diversity of fuel sources and the ability to deliver
481 electricity where and when consumers need it.

482 My greatest focus as the Secretary of Energy is to ensure
483 that our grid is not only reliable but that it is resilient.

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484 That is why last year I promised to step up our efforts to protect
485 and maintain America's energy infrastructure in the face of all
486 hazards. The devastation caused by the 2017 hurricanes
487 highlighted the importance of improving grid reliability and
488 resilience in the face of natural disasters. We also need to
489 protect it from manmade attacks including cyber attacks. So this
490 year we have requested funding increases to strengthen
491 cybersecurity as well as the Department's cyber defenses. We
492 are also seeking to establish a new Office of Cybersecurity,
493 Energy Security, and Emergency Response which will be led by a
494 new assistant secretary.

495 Now since many of our nation's greatest energy breakthroughs
496 have come through the work of our national laboratories, we need
497 to ensure their ability to innovate. Meeting the people driving
498 our innovation agenda and imploring them to reach even higher
499 are some of the reasons I am committed to visit each of our national
500 labs. Thus far, I have visited 13 of those 17 labs and also
501 visited other key DOE sites. At each site one thing was made
502 abundantly clear, those who work for the Department are patriots
503 committed to serving the American people.

504 In the end it will be you, our elected representatives, who
505 will decide how to best allocate the resources of our hardworking
506 taxpayers. My pledge to you is that we will do our best to use
507 those resources wisely and in pursuit of the vital goals that

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508 I have just outlined. Thank you and it is my privilege again
509 to be in front of you and attempt to answer your questions.

510 [The prepared statement of Secretary Perry follows:]

511

512 *****INSERT 3*****

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

516 I want to first ask, going back to what Chairman Walden said,
517 the great state of Michigan, one of the reasons why it is such
518 a great state is because of the Great Lakes. And I would like
519 to talk to you briefly about the Straits of Mackinac which you
520 know that we both deeply care about. About a week and a half
521 ago, we learned that two high voltage transmission cables that
522 run under the straits near the Mackinac Bridge were destroyed
523 by a ship's anchor and was taken out of service. Enbridge's Line
524 5 which carries not only crude oil, light crude, and also propane,
525 also runs under the straits only a short distance away, was also
526 struck by that same anchor and the pipeline was damaged. It was
527 a near miss. It could have been catastrophic for sure.

528 And even though the strike on Line 5 did not cause an oil
529 spill, that is something we all worry about. Earlier, Governor
530 Snyder and I reached an agreement with Enbridge who maintains
531 that line to look at a number of options to replace that line.

532 In my view, it needs to be directionally drilled in terms of
533 a new line that needs to replace the existing line. I know that
534 they are looking at a number of different options, and
535 particularly with the events of the last 2 weeks it prompts us
536 to try and expedite that process even faster. A couple

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537 questions I have as I work with the governor's office and others,
538 can you help us in looking at a replacement for this line as it
539 relates to the permitting that would be required and other efforts
540 within the administration to replace that Line 5 with a safer
541 option than we have today?

542 Secretary Perry. Yes. Well, the short answer is yes. But
543 if I could just expand a moment, I think it is really important
544 for us to recognize that our infrastructure not only in some cases
545 as this one, I would suggest, is aging, but also the expansion
546 of that infrastructure to be able to take advantage of this new
547 energy resource, if you will. 12 years ago there was a fellow
548 traveling around the country making a pretty good living giving
549 a speech about peak oil, and the world has so changed and America
550 is in such a different position and being able to move those
551 resources safely and efficiently is really important to the
552 economy and to the national security of this country.

553 Mr. Upton. Well, you might remember that there was an
554 Enbridge pipeline break a number of years ago and when that
555 happened we actually passed the Upton-Dingell bill and -- John
556 Dingell -- and it passed with maybe one vote against it in the
557 Congress. We upgraded all of the safety standards and fines for
558 new pipelines, and one of the provisions in that bill in fact
559 was that any new pipeline built that goes underneath a body, a
560 significant body of water, major river, et cetera, certainly the

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561 Straits of Mackinac, would have to be buried underneath that lake
562 or riverbed and not be trenched or simply laid on the top.

563 So what I have been pushing Enbridge to do, and I know the
564 governor is on board as well, is to actually go underneath and
565 use that technology that is available today so that we can get
566 this thing replaced. One other question relating to that, can
567 you ask your department of energy and reliability to actually
568 study what would happen if this line went out for some type of
569 duration? It leads to a major refinery over in Detroit and then
570 that oil is refined and wholesaled throughout the Midwest. And
571 I would like to know what the impact might be particularly on
572 the consumers, and if you could help us get that, that would be
573 good.

574 Secretary Perry. I would be happy to do that, Mr. Chairman.
575 Your common, or let me put it this way, I think our common sense,
576 collectively, tells us that if we lose a major line to a refinery
577 like that, that it is going to have a negative impact not only
578 on the consuming public, but also I will suggest, and it is one
579 of the things I think you are very wise to ask us to take a look
580 at this, on the national security side of it.

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

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

591 Why is it so important that DOE take a strong role in
592 coordinating the federal response? You may know that I have a
593 bill, H.R. 5175, the Pipeline and LNG Facility Cybersecurity
594 Preparedness Act, which would enhance DOE's ability to coordinate
595 pipeline security and emergency response. Can you work with us
596 as we move that bill forward?

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

604 It is the reason that we have asked for these additional
605 funds to stand up this office that we refer to as CESER or
606 Cybersecurity. I want to thank Joe Barton for the work that he
607 has done on reorg to help us from the standpoint of modernizing
608 the agency to look at the changes that have just happened, let's

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609 say, in the last decade in this country relative to the new energy
610 resources we have available, the infrastructure that we are going
611 to need, and the security and resiliency of that infrastructure,
612 obviously including the grid that is out there.

613 Mr. Upton. Thank you much. I would yield to the ranking
614 member, Mr. Rush.

615 Mr. Rush. Well, thank you, Mr. Chairman. Mr. Secretary,
616 again I want to thank you for agreeing to meet with me in the
617 near future to discuss ways that we can ensure that the Department
618 of Energy reflects the nation's diversity not only within the
619 mid-level staff levels, but also within the highest levels of
620 the decision making process and positions. With your help, Mr.
621 Secretary, I want to ensure that we have diverse perspectives
622 structurally in the most critical areas, and these areas include
623 within your office, the Institutional Review Board, the Energy
624 Advisory Board, the Senior Executive Service, now, and of course
625 at the highest levels of the national labs.

626 That said, Mr. Secretary, what is the justification for
627 cutting the Office of Energy Efficiency and Renewable Energy by
628 70 percent from fiscal year 2018 levels? As you know, energy
629 efficiency is one of the few issue items that enjoys widespread,
630 bipartisan support here in the Congress. Initiatives like the
631 Weatherization Assistance Program are extremely popular not only
632 with policymakers here, but really all across the country as it

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633 helps to conserve energy while also lowering utility bills for
634 low-income families. Why is the administration proposing to cut
635 or completely eliminate these critical programs?

636 Secretary Perry. Mr. Chairman, Ranking Member, thank you.
637 Let me address, you asked two questions. On the focus on
638 minorities and minorities at the DOE, I think we are focused on
639 that. Twenty seven percent of our entire enterprise is made up
640 by minorities. I think it is really important to bring to the
641 committee's attention that we also have a focus on small business
642 contracting at the laboratories so that women-owned and
643 minority-owned businesses have the expertise to be able to make
644 their way through the myriad contracting issues that are there.

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

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

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657 that we have seen is that as technology has become more mature,
658 you know, for instance, both solar and wind, and I try to remind
659 folks that while I was the Governor of Texas we produced more
660 wind energy than any other state in the nation, you know, passed
661 up every state in the country and produced more wind energy than
662 five countries and I am committed to having that diverse
663 portfolio, but those are now becoming mature in the sense of their
664 market, marketability and going to the market and being
665 commercialized.

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

674 So, you know, we will always, you know, have a give-and-take
675 back-and-forth about are you spending enough here, are you
676 spending enough there, and I respect that. As a farmer
677 appropriator, as a farmer agency head, and then as a CEO as the
678 governor, I really respect the authorizers, the appropriators,
679 and the administrative or the executive side of this. I know
680 what my job is, and my job is to work with you, which I will do

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681 on a daily basis to find that appropriate ground. But I will
682 promise you this that where you appropriate and where you
683 authorize we will work to make you very proud that we manage it
684 absolutely the most efficient way that it can be.

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

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

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

693 Mr. Secretary, I want to start by talking about Bonneville
694 Power Administration. I appreciate your just most recent
695 comments about respecting the will of the authorizers, which is
696 what we are. So along those lines, this idea of selling off the
697 electric transmission assets and abandoning cost-based rates
698 proposal has been roundly rejected by virtually every member of
699 the Pacific Northwest congressional delegation. It is the one
700 idea -- bad idea -- that unites all of us in the Northwest. I
701 am afraid this move could do nothing but harm my constituents,
702 drive up electricity costs, hurt consumers across the region;
703 so can you assure me the DOE will leave Bonneville alone unless
704 Congress provides explicit authorization -- that authorization

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705 word again there, Mr. Secretary.

706 Secretary Perry. Yes, sir.

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

715 Secretary Perry. Yes, sir.

716 The Chairman. Thank you. Let me ask a broader question.
717 As we look at modernizing the Department we are focusing on
718 emergency and security issues, but also how the Department can
719 better expend its limited resources. We are also cognizant of
720 the Department's vast technological capabilities which can help
721 accelerate innovation across national security, energy,
722 manufacturing, even medicine as you have referenced in your
723 testimony, but we also have to watch our taxpayers' wallets.
724 Can you speak to your support of DOE's science, technology,
725 computing facilities and how best to enable innovation in the
726 private sector while tentatively managing limited taxpayer
727 resources?

728 How are you going to balance all that because your labs are

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729 doing amazing work. It is phenomenal. And for our committee
730 members, if you haven't interacted with these labs we should
731 figure out a way to do that and get some briefings. It is really
732 terrific, the work that is being done there. So, Mr. Secretary,
733 what can you tell us about how to balance all that and where you
734 are headed in terms of the direction of the labs and, yes.

735 Secretary Perry. Technology transfer is, I think, one of
736 the real goals of this agency from the standpoint of working with
737 the labs and we are consolidating the EERE's tech-to-market
738 functions over in the office of Technology Transfer. And just
739 as a bit of a background I have a fairly substantial amount of
740 experience with that. We created some programs while I was the
741 Governor of Texas, the Emerging Technology Fund which basically
742 is taking a very, very early stage technology and getting it to
743 the market.

744 So I have had some experience of dealing with that as the
745 Governor of Texas which, you know, I am not going to say this
746 is apples-to-apples, but the point is we have in place the office
747 of Technology Transfer and it is looking at how to coordinate
748 best practices across the complex and to, you know, whether it
749 is agreement provisions and abilities to consider equities and
750 licensing, I mean there is a host of areas.

751 And I don't want to drill down all that deep, but the point
752 is we are sensitive to one of our goals in a limited budget

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753 situation is to be able to help these technologies get to
754 maturation, if you will, or at least to the point where they are
755 ready to be commercialized in the private sector.

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

761 So we take it seriously here, we want you to know that.
762 We look forward to a partnership to look at how to reauthorize
763 and modernize the agency. Our committee has a pretty good track
764 record looking at other agencies, and like the FCC we reauthorized
765 for the first time since 1990, your agency is one that goes back
766 before that. And so we look forward to continuing to work with
767 you on that effort and so we want to move forward.

768 I will thank the chairman for this hearing and return the
769 balance of my time.

770 Mr. Upton. The gentleman yields back. The chair
771 recognizes the gentleman from New Jersey, Mr. Pallone.

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

775 Secretary Perry. There is 19, correct? I think there is
776 19.

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777 Mr. Pallone. Do you believe that --

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

779 Mr. Pallone. Yes. I will accept that. And if you want
780 to get back to me if you think it is slightly wrong, please do.

781 Do you believe that the DOE should continue to have a role in
782 approving the LNG export applications, yes or no?

783 Secretary Perry. Yes, sir.

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

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

789 Mr. Pallone. Okay. Well, whether or not you agree that
790 the U.S. Government should be promoting exports of American LNG
791 that is an activity that would clearly fall within the mission
792 of your Department or maybe the Department of Commerce. But as
793 you know, I think late last year EPA Administrator Scott Pruitt
794 traveled to Morocco to pitch that country on buying LNG from the
795 U.S. Obviously I am very concerned that that doesn't fall within
796 the EPA's mission. Do you think that this falls within EPA's
797 mission?

798 Secretary Perry. Mr. Pallone, I am going to leave that up
799 to you. I try to stay in my lane as best I can. So again as
800 I shared with you, I don't know what EPA's statutory

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801 responsibility and authorizations are relative to promoting
802 energy sales and/or what else might have been going on that I
803 don't know about on that trip. So I think it would be a little
804 inappropriate for me to be making a, you know, public or private
805 observation about that.

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

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

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

821 But let me ask you a second question, Mr. Secretary. I note
822 that the Department has established a web page and email address
823 to accept public comments and requests regarding emergency
824 must-run orders under the Federal Power Act, section 202(c).

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825 And I am supportive of efforts to expand public participation
826 in government processes, however, I don't see anything on that
827 web page that indicates that these comments, whether as-is or
828 redacted, will be posted for the public to see.

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

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

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

844 Secretary Perry. Yes, sir. We will.

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

846 Mr. Upton. The chair recognizes the vice chair of the Energy
847 Subcommittee, the gentleman from Texas, the good state of Texas.

848 Oh, Mr. Barton, I am sorry. Mr. Barton, I recognize Mr. Barton,

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849 the vice chair of the full committee.

850 Mr. Barton. All right. Well, you sometimes are too many
851 Texans, right?

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

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

855 First of all, welcome, Mr. Secretary.

856 Secretary Perry. Yes, sir.

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

860 Mr. Upton. One point.

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

864 Mr. Upton. Thinking about Houston that was the
865 three-pointer there.

866 Mr. Barton. Yes, the game before you barely won, you put
867 the wood to us. Anyway, we are glad to have you, Mr. Secretary.

868 Secretary Perry. Yes, sir.

869 Mr. Barton. I am tempted to go down the rabbit hole that
870 Mr. Pallone introduced about your colleague at the EPA, but I
871 don't think so. I will say on my own behalf that any Cabinet
872 Secretary that encourages things that are of strategic interest

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873 to the United States of America in his overseas travels is not
874 necessarily a bad thing. And I am glad to learn that Mr. Pallone
875 agrees that there are limits to what EPA should be involved with.
876 So in that sense it was a good exchange.

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

884 What, if anything, should the Department of Energy under
885 your stewardship do with the Strategic Petroleum Reserve to try
886 to, I am not going to say manage the market, but make sure oil
887 prices don't go too high in the near term, if anything?

888 Secretary Perry. Well, Mr. Chairman, I think one of the
889 things that DOE needs to do and can do from the standpoint of
890 making sure that there is a ready supply of energy, whether it
891 is renewables, whether it is hydro, whether it is nuclear, whether
892 it is coal, whether it is natural gas, the Strategic Petroleum
893 Reserve, I think you bring up a really interesting opportunity
894 for this body and for Congress and the administration to have,
895 and obviously the public to have an open conversation about is
896 the SPRO the way that it is structured today the proper structure?

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897 Is there enough, too much? Is the operation of it on a yearly
898 basis, the cost of the upkeep of that in our best interest?

899 I will leave that to all of us, collectively, to have that
900 conversation. But it was put in place after World War II and
901 there may be, and after the shortage of the '70s when we saw the
902 need for that really exploding, if you will. And I think the
903 question now is that with the resources that the United States
904 has with the new innovation, with the new energy portfolio that
905 we have, does the Strategic Petroleum Reserve need to stay in
906 its current form? I am not ready to sit here and tell you I know
907 the answer to that, but I think it is important the issue that
908 you brought up that we need to have that conversation.

909 Mr. Barton. The GAO has done a study of the Strategic
910 Petroleum Reserve and it basically says we need to do more study.

911 You and I are going to meet next week and I think we are also
912 going to have the staff begin to meet also with our friends on
913 the minority side and that will be something that we bring up.

914 I have a few quick just dollar questions since this is --
915 Secretary Perry. I will try to give you yes or no answers,
916 sir.

917 Mr. Barton. Yes. Do you support us funding Yucca Mountain,
918 us, the government, funding Yucca Mountain? I hope you say yes.

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

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921 Mr. Barton. Okay, finally, we have a Northeast Home Heating
922 Oil Reserve that I put into a bill with Congressman Markey back
923 in, oh, about 10 years ago. We spend \$10 million a year on it.
924 It has never been used. Is that maybe something we could save
925 a little money on?

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

928 Mr. Barton. Something to look at.

929 Secretary Perry. Yes.

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

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

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

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

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

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

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

942 The gentleman from California, Mr. McNerney.

943 Mr. McNerney. I thank the chairman.

944 Mr. Secretary, I really appreciate your interest in veterans

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945 issues and particularly using science and computing power to make
946 advances in PTSD and traumatic brain injuries and other
947 veteran-centric issues and I look forward to any collaboration
948 --

949 Secretary Perry. Yes, sir.

950 Mr. McNerney. -- between us in the future. There is two
951 issues I want to bring up today. One is resiliency of the electric
952 grid, especially in the face of the wildfires we had in California,
953 and other threats that we are seeing and ARPA-E funding.

954 Regarding resilience, does the DOE have any tools to help ensure
955 resilience despite some of the gaps we have in our current law?

956 Are there any tools that we can use that you can use to help
957 us make our grid more resilient to these things in California
958 and elsewhere?

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

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

967 Secretary Perry. I am sorry. I was going down a different
968 path here.

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969 Mr. McNerney. Sure.

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

973 Mr. McNerney. Or authorities.

974 Secretary Perry. Or authority, yes, sir.

975 Mr. McNerney. Thank you.

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

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

983 Secretary Perry. Yes, sir. Mr. McNerney, I don't want to
984 quibble with you about the issue of is it a reduction of dollars
985 or, one of the things that we have done, I believe, in that
986 particular line item is that we bifurcated it. And that is where
987 cybersecurity, and we split that historic line item up and are
988 creating this new office of cybersecurity emergency response and
989 that has an 8.3 percent, yes sir, I think that is right. It has
990 a substantial increase over on that side and you may be seeing
991 the EERE budget that is lower.

992 But the commitment to resiliency and to reliability from

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993 my perspective has actually increased. And so let me come over
994 and sit down with you and we can look at this a little closer
995 to make sure that -- I know what you want to do and I want to
996 get to the same place that you are. I think the membership wants
997 to get from the standpoint of making sure that we have the
998 resiliency, the reliability in our grid.

999 Mr. McNerney. And of course then that applies to the whole
1000 country not just to California.

1001 Secretary Perry. Yes, sir.

1002 Mr. McNerney. Regarding ARPA-E, this program is designed
1003 to help keep the United States at the forefront of energy
1004 innovation. Energy innovation, I think that is a key element
1005 in ensuring our strong market position on energy issues. How
1006 determined is the administration in eliminating this program?

1007 Secretary Perry. It shows up on the budget. I am a good
1008 enough historian that we are going to do what the Congress wants
1009 to do on this. As a former CEO of the State of Texas I put some
1010 budgets forward from time to time that actually had zero line
1011 items in them. And --

1012 Mr. McNerney. That is kind of the same answer you gave 6
1013 months ago so.

1014 Secretary Perry. Yes, sir. And that was not particularly
1015 well received by the appropriators.

1016 Mr. McNerney. Okay. Mr. Secretary, do you support robust

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1017 funding for fusion energy research and development?

1018 Secretary Perry. Yes, sir.

1019 Mr. McNerney. Thank you. Your predecessor was deeply
1020 involved in the negotiations for the Iran nuclear agreement.
1021 This administration has considered scrapping that agreement.
1022 Are you involved in those deliberations?

1023 Secretary Perry. Well, being on the National Security
1024 Council yes, sir, to some degree. I would not put myself as the
1025 lead negotiator, but certainly am involved with the conversations
1026 generally in rooms that we can't be having conversations with
1027 here.

1028 Mr. McNerney. Can you disclose your opinion on that?

1029 Secretary Perry. Well, I think like any of our deals whether
1030 it is NAFTA, whether it is JCPOA, whether it is the negotiations
1031 that are ongoing with Saudi Arabia for a civil nuclear agreement,
1032 we need to get the best agreement that we can get. I think one
1033 of our main responsibilities is to, in the nonproliferation area
1034 is to make sure that the fewer individuals who have access to
1035 those types of materials that can be made into weapons we need
1036 to restrict that so.

1037 Mr. McNerney. I mean the agreement is already in place.

1038 Secretary Perry. I understand that, but so is NAFTA and
1039 we are renegotiating NAFTA. So I think the administration's
1040 point is can we re-engage and get a better deal. I don't have

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1041 a problem in the world with that no matter what it might be, whether
1042 it is NAFTA, whether it is JCPOA. I mean renegotiating I mean
1043 we have people renegotiating LNG deals that they signed 3 years
1044 ago.

1045 Mr. McNerney. I think the chairman is going to cut us off
1046 here so thank you.

1047 Secretary Perry. I know. Yes, sir. Thank you.

1048 Mr. McNerney. Thank you, Mr. Secretary.

1049 Mr. Upton. The chair recognizes now the vice chair of the
1050 powerful Energy Subcommittee, Mr. Olson, from the great state
1051 of Texas.

1052 Mr. Olson. I thank the chair.

1053 And, Secretary Perry, a big old Texas howdy.

1054 Secretary Perry. Howdy.

1055 Mr. Olson. It is great to have you back before the panel.

1056 As a personal note, I am glad you did not leave DOE for VA as
1057 was rumored. Houston Texans are happy to have your hat hang where
1058 it is hanging today.

1059 Secretary Perry. Yes, sir.

1060 Mr. Olson. I want to talk about section 202(c) of the
1061 Federal Power Act. I was one of the members of last Congress
1062 to lead an effort to amend section 202(c). That change was signed
1063 into law. The intent was limited. Talking about, quote,
1064 continuance of war, end quote, or a, quote, sudden increase in

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1065 demand for electric energy, or a shortage of electric energy,
1066 end quote, there have been proposals to help failing coal and
1067 nuclear plants through section 202(c). I support coal and
1068 nuclear power and I believe we have to have a diverse grid.
1069 Hurricane Harvey showed that dramatically. In my district, as
1070 you know, NRG's Parish power plant has four coal generators and
1071 four natural gas generators. Fifty inches of rain or more wiped
1072 out that coal, made it wet. They ramped up natural gas production
1073 at that facility. Forty miles south is the South Texas Nuclear
1074 power plant in Bay City. That never had a flicker despite having
1075 the brunt of Harvey's force. Could you please talk about your
1076 view of section 202(c) and the powers it gives you?

1077 Secretary Perry. Yes, sir. And if I may, I would like to
1078 go back and just if I could very quickly clarify a conversation
1079 with Mr. Pallone where we talked about the email address on the
1080 202(c) comments. And we have an address that is on our website
1081 that is the destination for correspondence for this and future
1082 applications. So it is not a formal comment period because there
1083 has been no formal comment opened up so I just wanted to clarify
1084 that.

1085 The 202(c) is in place and I think you did a very good job,
1086 Mr. Olson, of basically laying out why a 202(c) could be used
1087 in this case. When we look at national security in particular,
1088 if you are in New York City and Wall Street were to lose power,

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1089 I think anyone would say that puts our national security in
1090 jeopardy. We have military bases in a lot of different places
1091 around the country that rely upon their energy from the grid.
1092 Losing power to that grid would put our national security at
1093 risk.

1094 So this administration looks at the national grid and the
1095 resiliency of it as well as the reliability of it as a national
1096 security issue. Having a very broad portfolio of renewables,
1097 of natural gas, of coal, of nuclear, of hydro, those are, we think,
1098 instrumental in being able to send the message across this country
1099 that whether it is in your private life or whether it is in your
1100 public life and I am talking about national security at that
1101 particular point in time versus, you know, why should anyone be
1102 put in the situation of having to choose between turning the lights
1103 on and keeping my family warm.

1104 And this administration believes strongly that if we don't
1105 have a diverse portfolio and to try to keep these plants online
1106 obviously doing it with as much sensitivity as we can to the
1107 environment, and again in my opening remarks I made a comment
1108 that with 14 percent decrease in carbon emissions in this country
1109 that is leading the world. So the innovation and the technology
1110 that we have coming out of this country, but it is imperative
1111 that we don't allow political decisions to be made relative to
1112 our electrical, or excuse me, our power security in this country.

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1113 Mr. Olson. Yes, sir. One further question on India, I went
1114 there last week on a mission to talk about LNG being exported
1115 to the great nation of India and they were gushing, guess who
1116 is coming this week or the next couple days, Secretary Rick Perry.
1117 You get there and find out that Prime Minister Modi has a very
1118 aggressive plan to clean up their extremely dirty air and that
1119 is with renewables, mostly wind and solar.

1120 But the energy minister and their foreign secretary stated
1121 over and over that LNG natural gas is the economy of the now.

1122 The future is renewables. As you know, we have had a private
1123 contract between Cheniere and a company, a group called GAIL,
1124 there in India to export approximately seven metric tons of
1125 liquefied natural gas over the next 20 years. We agree that to
1126 make this viable and to make that transition they want to make
1127 they have to have better battery power, better storage and better
1128 power lines, and also make wind viable. So I want you to take
1129 that technology message to them. We are going to help you. And
1130 so any comments about your trip to India?

1131 Secretary Perry. Yes, sir. 2 weeks ago, the first
1132 molecules of U.S. natural gas arrived at GAIL. I think the issue
1133 for them is to build out their infrastructure to be able to move
1134 that gas around. Not unlike, Mr. Chairman, what we have in this
1135 country. Yes, we are way ahead of them, but the point is if you
1136 are really going to be able to satisfy the economic needs and

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1137 satisfy the national security needs of your people you are going
1138 to have to have the distribution system as well.

1139 So that is another area. U.S. pipeline technology, U.S.
1140 pipeline companies, I think there is a real opportunity in not
1141 just India, but India is obviously a huge market in our ability
1142 to deliver U.S. innovation, U.S. natural resources into that
1143 country are a great opportunity and that is the real driving factor
1144 of why we are headed that way.

1145 Mr. Olson. Namaste. I yield back.

1146 Mr. Upton. The chair recognizes the gentleman from
1147 California, Mr. Peters.

1148 Mr. Peters. Thank you, Mr. Chairman.

1149 And I thank you, Mr. Secretary, for being here. I have the
1150 exact quote I will just read to you. When I asked you about the
1151 budget that was proposed by the President you said I didn't write
1152 this budget, my job is to defend it which from time to time is
1153 counter to what I think is good. So I know you are here to do
1154 a job, but maybe we can --

1155 Secretary Perry. Yes, sir.

1156 Mr. Peters. -- get some of your personal opinions on this.

1157 The budget makes cuts to the Office of Science which includes
1158 an important project named the International Thermal Nuclear
1159 Experimental Reactor which is sometimes referred to as ITER.
1160 Here is a program where the United States is one in an

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1161 international partnership developing energy of the future by
1162 proving we can make fusion work. The U.S. contributes 9 percent
1163 of the project funding, but 80 percent of it is spent in the United
1164 States and we have access to a hundred percent of the intellectual
1165 property. And perhaps most important, when the technology is
1166 proven we can be part of the group that has ownership with
1167 monetizing capabilities instead of being a country that has to
1168 buy into the group.

1169 So with all these benefits, why does the budget cut
1170 contributions to ITER?

1171 Secretary Perry. Mr. Peters, I think the basic messaging
1172 here on the reduction in that line item was, this is my observation
1173 just being a manager and having been in negotiations before, it
1174 was really poorly managed. And I think you know that. You all
1175 have been briefed on it. The previous management of ITER was
1176 very, very poor. They wasted a lot of money.

1177 And they have new management in there. Mr. Bigot came over
1178 and we sat down and discussed this. I was impressed with his
1179 focus, his understanding, his recognition of the poor management
1180 before. We have as a matter of fact out of your district a couple
1181 of projects that are being funded, the Solenoid, \$75 million,
1182 and I think another aspect of the project that is ongoing that
1183 General Atomics is the deliverer, the manufacturer of and we
1184 certainly support that and are funding that.

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1185 But with that said, if this committee and if Congress in
1186 a whole get comfortable along with obviously the administration,
1187 that it is headed in the right direction, we will make sure that
1188 the U.S. dollars that are expended there are expended properly
1189 and that there is good oversight and that we have the proper
1190 outcomes that we would be looking for.

1191 Mr. Peters. I appreciate the comment about the management.
1192 That is fair. Now that we have improved that, I certainly hope
1193 we appreciate the leverage that we get out of this potential.

1194 Secretary Perry. Yes, sir. Thank you.

1195 Mr. Peters. And so just outside my district, San Diego Gas
1196 & Electric built and it runs the largest lithium ion battery in
1197 the world as part of its grid operations. It is proving that
1198 projects like this can be a valuable part of the grid particularly
1199 for resiliency and safety. How does the DOE budget ensure new
1200 technologies for grid resiliency can be implemented and tested
1201 properly?

1202 Secretary Perry. And that goes right to the heart of our
1203 both Office of Science, Paul Dabbar, who is now the assistant
1204 secretary there I have great faith in his focus, and particularly
1205 we are supporters of, I have said before, the battery storage,
1206 the holy grail of electric power. I believe that. DOE and DOE
1207 labs working with private sector organizations like your
1208 constituents or right outside of your district are going to be

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1209 key to that. So I am confident that what is happening in our
1210 national labs, the funding of those is appropriate to meet the
1211 needs of the battery challenges that face us.

1212 Mr. Peters. Thank you. And just with respect to NAFTA,
1213 do you think that the disruption of NAFTA will have a negative
1214 impact on energy prices for Americans and supplies for U.S. energy
1215 companies who sell to Mexico and Canada, even the way we talk
1216 about it right now?

1217 Secretary Perry. Not necessarily. I think generally
1218 speaking people are able to divorce the rhetoric with reality.

1219 For instance, Ray Washburne, who is the head of OPIC, he and
1220 I have had conversations with my counterpart in Mexico and private
1221 sector operators in the U.S. and their Mexican counter partners,
1222 if you will, to invest in Mexico's energy infrastructure. So
1223 I feel confident. I think there is an extraordinary opportunity
1224 there.

1225 Mr. Peters. I am going to run out of time. I appreciate
1226 what you say about rhetoric. I have got to tell you that NAFTA
1227 is so important --

1228 Secretary Perry. Yes, sir.

1229 Mr. Peters. -- to our country and to my district in
1230 particular and I understand the talk about improving it. I think
1231 we had more leverage when we were dealing with 11 other countries.
1232 We could offer more to Mexico. But I certainly don't want to

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1233 go backwards and some of the talk is, it looks like rhetoric is
1234 turning into policy and it concerns me. I just want to express
1235 that to you.

1236 Secretary Perry. Mr. Peters, just as an aside, every time
1237 I see Ambassador Lighthizer I tell him we have got to get a deal.
1238 Get a good deal, but we have got to get a deal.

1239 Mr. Upton. Mr. Latta?

1240 Mr. Latta. Thank you, Mr. Chairman. And, Mr. Secretary,
1241 thanks very much for being with us again today. I really
1242 appreciate seeing you. And I think it is really important,
1243 because also in reading your testimony about cybersecurity it
1244 is a big issue and in recent weeks we have read news stories about
1245 malicious agents working to undermine the safety and security
1246 of our nation's energy infrastructure. According to the
1247 Department of Homeland Security, this includes Russian cyber
1248 attacks that have remotely targeted the power grid, energy,
1249 nuclear, and commercial facilities in critical manufacturing
1250 sectors. More recently, we have seen cyber attacks against the
1251 electronic communication systems of several American pipeline
1252 companies. DHS is still working to determine who is responsible
1253 for these specific attacks.

1254 And I believe from your response from the chairman of the
1255 subcommittee, the gentleman from Michigan, that you would agree
1256 that more needs to be done to address these attacks on our energy

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1257 infrastructure. Is DOE working with DHS to identify the
1258 vulnerabilities that were exploited through these attacks and
1259 rectifying them and, if so, can you tell us what might be done
1260 and what is being done?

1261 Secretary Perry. Well, there is nothing more essential to
1262 America's national interest and for that matter our national and
1263 security than our energy supply. The Department of Energy plays
1264 a very important role with that. We are the specific agency that
1265 deals with the energy side of particularly grid security, but
1266 we are also working with the other sectors, or not the other
1267 sectors but the other agencies as well, DHS, Department of
1268 Transportation, and DHS and Transportation Department leads
1269 cybersecurity support to pipelines. DOE works closely with them
1270 and other departments and we have some other stakeholders to
1271 protect the energy sector including the secure transport of our
1272 oil and gas. So we recognize the real challenges there.

1273 One of the reasons that we are asking for the additional
1274 dollars to stand up this office of cybersecurity that we refer
1275 to as CESER, C-E-S-E-R, is so that we can focus the resources,
1276 use our national labs, working with these other agencies of
1277 government, to assure the American people that we have done
1278 everything within reason possible to protect the American people
1279 from these cyber attacks that are only increasing in intensity
1280 and frequency.

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1281 Mr. Latta. Thank you. Given the nature of these threats,
1282 I believe it is more important than ever that Congress acts.
1283 That is why I have worked with my colleague, Representative
1284 McNerney, to introduce two bipartisan pieces of legislation to
1285 address the threat of cyber attacks. These two bills, H.R. 5239,
1286 the Cyber Sense Act, and H.R. 5240, the Enhancing Grid Security
1287 Through Public-Private Partnerships Act, was the subject of a
1288 legislative hearing held in this subcommittee last month.

1289 Under H.R. 5239, the Secretary of Energy would be directed
1290 to establish a voluntary cyber sense program to identify and
1291 promote cyber secure products intended for these in the bulk power
1292 system. And do you believe that this policy would help improve
1293 the safety and security of our energy infrastructure and address
1294 these threats?

1295 Secretary Perry. It certainly on its face sounds like it.
1296 We will work with you in any way that we can to flesh out any
1297 details and information that we have privy to.

1298 Mr. Latta. I really appreciate that. Thank you. And
1299 along with Representative McNerney, I am also the co-chair of
1300 the Grid Innovation Caucus here in the House. The purpose of
1301 this caucus is to discuss the challenges facing the electric grid
1302 and to come up with ways that we can enhance its capabilities
1303 and securities. In addition to guarding against the threat of
1304 cyber attacks, will you go into more detail about other ways in

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1305 which DOE is trying to improve the electric grid's capabilities
1306 to protect it from these cyber attacks?

1307 Secretary Perry. Yes, sir. We will work with you in --

1308 Mr. Latta. Well, I really appreciate it. Thank you very
1309 much, Mr. Chairman. I yield back the balance of my time.

1310 Mr. Upton. The gentleman from Pennsylvania is recognized.

1311 Mr. Doyle. Thank you, Mr. Chairman.

1312 Mr. Secretary, welcome back.

1313 Secretary Perry. Mr. Doyle.

1314 Mr. Doyle. Like many on this panel, I am greatly concerned
1315 by the premature closures of nuclear plants around this country.

1316 John Hanger who was former Secretary of the DEP in Pennsylvania
1317 and head of the Public Utility Commission in my state put it
1318 succinctly. He said there are now 18 nuclear units that have
1319 closed or are scheduled for closure in the last 5 years. Three
1320 are in my state of Pennsylvania, Beaver Valley I and II, and Three
1321 Mile Island. Those three nuclear units generated 22 terawatt
1322 hours of energy in 2017, all the wind and solar in Pennsylvania
1323 generated 4 terawatt hours in 2017. This is putting my state
1324 at the edge of a clean air climate disaster.

1325 Secretary Perry, I echo his concerns and would add that these
1326 nuclear plants not only provide good family supporting jobs, but
1327 also affordable, reliable, and greenhouse gas-free electricity.

1328 I just saw an interesting study that has come out by a think

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1329 tank The Third Way that takes a look at the effect of these
1330 retirements of the nuclear portfolio and how it affects our
1331 ability to meet our climate change goals to reduce greenhouse
1332 gases below, 80 percent below 2005 levels by 2050. It would be
1333 virtually impossible for us to make that up, because as every
1334 nuclear plant retires even if we start, you know, greatly upping
1335 our renewables, they would have to make up for that loss before
1336 we start to add more carbon-free energy to our cycle. So I think
1337 it is a real problem.

1338 I know FirstEnergy recently filed this 202(c) request with
1339 your Department and I saw you quoted as saying than that may not
1340 be the most appropriate and efficient way to deal with this, but
1341 it is not the only way. And while I applaud your caution on the
1342 202(c) request, I am curious what other options you think are
1343 on the table. Is this something that can be settled at DOE or
1344 in Congress or at FERC? What are the other ways that this might
1345 be dealt with?

1346 Secretary Perry. Mr. Doyle, let me just say you are
1347 absolutely correct, very prescient in your observation about this
1348 country and the ability to deliver the energy needs with the
1349 premature in particular taking offline of coal and nuclear plants.

1350 I, like you, share a great concern about our ability to stay
1351 economically viable, but more importantly from a national
1352 security standpoint of taking care --

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1353 Mr. Doyle. And an environmental standpoint if we are ever
1354 going to meet our goals for climate change.

1355 Secretary Perry. Absolutely. So to address the specific
1356 question, if you will recall, I want to say 6, 7 months ago, we
1357 put a 403 request in to the Federal Energy Regulatory Commission,
1358 to FERC, which we thought was an appropriate way to address this.

1359 They obviously did not. 202(c) is an option. You know, I would
1360 like to work with you and members of Congress on any other options
1361 that are out there that are reasonable that get the result of
1362 which we need in the result from my perspective is a diverse
1363 portfolio. And let me just add, I think it is really important
1364 for this country to have a nuclear, civil nuclear program in place.

1365 Too many previous administrations made some decisions that from
1366 my perspective put particularly the nuclear energy industry in
1367 jeopardy and we now see the results of that whether it was
1368 regulations, whether it was, you know, not supporting them in
1369 various --

1370 Mr. Doyle. Mr. Secretary, I would be happy to work with
1371 you on ideas to ensure that we keep our nation's leading source
1372 of carbon-free power online.

1373 Let me ask you another question. Existing energy markets
1374 they don't seem to consider the environmental attributes of
1375 nuclear power, but there are some states like New York and Illinois
1376 that have implemented strategies focused on ensuring that the

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1377 environmental benefits of nuclear are recognized. Other states,
1378 including mine in Pennsylvania, are considering similar
1379 strategies, but I understand that some parties are proposing rule
1380 changes at PJM that could punish these states by making it more
1381 difficult for certain plants or units to participate in the
1382 markets. Do you think that is good policy?

1383 Secretary Perry. I think any policy that restricts your
1384 diversity of your energy portfolio is not necessarily good policy.
1385 I think it is shortsighted.

1386 Mr. Doyle. I see my time is up. Thank you, Mr. Chairman.

1387 Mr. Upton. Mr. Shimkus?

1388 Mr. Shimkus. Thank you. Mr. Secretary, welcome. Since
1389 you appeared before us, our nation's nuclear waste management
1390 has passed a few notable anniversaries. December marked the 35th
1391 anniversary of passage of the Nuclear Waste Policy Act of 1982
1392 which formalized the federal government's nuclear waste
1393 management program, as well as the 30th anniversary when Congress
1394 designated Yucca Mountain in Nevada the site as the location of
1395 our nation's first repository. Of greater consequence, January
1396 31st marked the 20th anniversary from the year in which DOE was
1397 legally required to take title to spent nuclear fuel for disposal
1398 at Yucca Mountain. Since then American taxpayers have been
1399 paying billions of dollars to manage spent nuclear fuel in 121
1400 communities around the country.

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1401 Secretary Perry, I would like to run through a few numbers
1402 with you quickly, and you probably know some of these and we can
1403 just kind of stick to the numbers because I have another question
1404 I want to get to.

1405 Secretary Perry. Yes, sir.

1406 Mr. Shimkus. As of the end of fiscal year 2017, what is
1407 the approximate amount rate payers paid into the Nuclear Waste
1408 Fund to construct/oversee our nuclear waste management program?

1409 Secretary Perry. It is approaching \$40 billion. I think
1410 it is about 37, 37.7 billion.

1411 Mr. Shimkus. And those are rate payers, people from states
1412 that had nuclear power that have paid in to solve this problem.

1413 Secretary Perry. That is correct.

1414 Mr. Shimkus. How much did the value of the Nuclear Waste
1415 Fund increase during fiscal year 2017?

1416 Secretary Perry. Almost 2 billion, I think 1.7 billion is
1417 the specific.

1418 Mr. Shimkus. That is the accrued interest on the base of
1419 the account.

1420 Secretary Perry. Right.

1421 Mr. Shimkus. As of the end of fiscal year 2017, what is
1422 the total cumulative liability cost including future payments
1423 because Yucca Mountain is not yet open?

1424 Secretary Perry. Just a touch over \$34 billion.

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1425 Mr. Shimkus. So that is payments that we are liable for
1426 because we are not complying with law.

1427 Secretary Perry. That is correct.

1428 Mr. Shimkus. And you are saying then the 30-plus billion.

1429 Secretary Perry. Yes.

1430 Mr. Shimkus. How much did American taxpayers pay in legal
1431 costs during the fiscal year 2017 because Yucca Mountain is not
1432 open?

1433 Secretary Perry. \$700 million.

1434 Mr. Shimkus. So for my colleagues, we move this bill, this
1435 an issue I am fighting with appropriators and budgeteers. This
1436 is money that taxpayers are paying that is really not on the books
1437 and it accrues to almost \$800 million. What was the total
1438 increase in fiscal year 2017 in taxpayer liability in both actual
1439 payments as well as future projected liabilities?

1440 Secretary Perry. That one grew substantially, \$3.3
1441 billion.

1442 Mr. Shimkus. If you break this total cost down to a daily
1443 cost to taxpayers that escalated during just last year how much
1444 are taxpayers liable for on a daily basis?

1445 Secretary Perry. \$9 million per day.

1446 Mr. Shimkus. That is a day. That is money that we could
1447 do, help our national defense, Title I programs, anything. That
1448 is just being paid because we are not complying with the law.

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1449 So when people wonder why I get so focused, these are some of
1450 the reasons why. Last question in this area, how much was
1451 provided to the Department in fiscal year 2017 -- and I think
1452 I can add 2018 now -- from the Nuclear Waste Fund for DOE to move
1453 forward with our Nuclear Waste Program and ultimately reduce our
1454 taxpayers' legal payments?

1455 That is a zero, I am assuming. Not a one, it is a zero.
1456 Secretary Perry. That is a zero.

1457 Mr. Shimkus. Okay. And that is our liability as
1458 authorizers to push our appropriators to do what --

1459 Secretary Perry. And, I think, Mr. Shimkus, that is the
1460 reason that we requested, the administration requested \$110
1461 million for the legal process to go forward, to be able to get
1462 the answer of whether or not this facility is in fact what you
1463 all in Congress have said it is.

1464 Mr. Shimkus. Yes. So the appropriation money is really
1465 to do the final adjudication with the Nuclear Regulatory
1466 Commission with you as an intervener with the State of Nevada
1467 to clarify the science. And that is the last part before we can
1468 then really start moving and addressing this.

1469 With my 30 seconds left, I won't read the whole question
1470 but you have talked about the DOE and the great work it does.

1471 Obviously I am also very much engaged in the renewable fuel debate
1472 in this country. DOE has done a lot of good work on a study,

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1473 I have quoted it before, the Co-Optima study. Are you familiar
1474 with it and what is your thoughts on it?

1475 Secretary Perry. Say it again, sir?

1476 Mr. Shimkus. The Co-Optima study?

1477 Secretary Perry. I am not.

1478 Mr. Shimkus. It is the high octane, it basically is
1479 addressing the high octane issue. We have a hearing tomorrow.

1480 Secretary Perry. I will get up to speed on it and get back
1481 with you and have a conversation.

1482 Mr. Shimkus. Not a problem, I appreciate your time. Thank
1483 you.

1484 Secretary Perry. Yes, sir.

1485 Mr. Upton. The gentlelady from Florida.

1486 Ms. Castor. Thank you, Chairman Upton. Good morning,
1487 Secretary Perry. Yesterday in our Oversight Committee we had
1488 Bruce Walker, your Assistant Secretary of Electricity Delivery
1489 and Energy Reliability who gave us an update on restoration of
1490 the grid in Puerto Rico. And I think everyone was very heartened
1491 by what he had to say and what the Department is doing to build
1492 a more resilient grid, a more modern grid, tapping the expertise
1493 of our national laboratories and working with private sector
1494 partners and researchers there on the ground.

1495 And now Congress has provided the funds and overridden some
1496 of the language in the Stafford Act that says you have to just

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1497 rebuild what was there, which if we did that that would not protect
1498 the taxpayers. So thank you and we will be watching for the
1499 modeling he said is necessary to do something very innovative
1500 there.

1501 But then we get the budget request. And I am very concerned
1502 about how anti-consumer the administration's budget request is
1503 by eliminating our weatherization initiatives and energy
1504 efficiency initiatives that really help put money back in the
1505 pockets of consumers. This will hurt real people out there in
1506 the world. And then it is a budget request that sidelines science
1507 with devastating proposed cuts to clean energy research, smart
1508 grid R&D, and energy storage.

1509 And I think in doing this kind of budget request really cedes
1510 America's leadership and it says to consumers you are going to
1511 have to pay more. And you know how competitive we are out in
1512 the world, it just doesn't meet the challenges that we currently
1513 face with the cost of the changing climate and watching the
1514 transformation in the energy sector.

1515 The EIA has said wind, solar, and hydro now account for 18
1516 percent of the energy generation in America. Solar is the fastest
1517 growing source of new energy worldwide because of its declining
1518 cost. And yet, and you have said it yourself in testimony energy
1519 storage is the Holy Grail and yet what you said certainly doesn't
1520 match the budget request because developments and innovations

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1521 in energy storage are absolutely crucial for modernizing our
1522 electric system.

1523 The U.S. just hit a major milestone. We now have capacity
1524 to store 1 billion watts of power for an hour and while the U.S.
1525 is still leading in energy storage development, everyone says
1526 China is likely to pass us in the next 5 years. So it is very
1527 troubling your budget proposes to cut energy storage R&D by almost
1528 75 percent.

1529 And let me read to you directly from your budget request,
1530 so folks, get a handle on this. You want to discontinue support
1531 for engagements with states, utilities, and storage providers
1532 for conducting grid-scale field tests and trials. Discontinue
1533 support for engagement with state and federal regulatory
1534 officials on efforts to understand regional market barriers to
1535 energy storage deployment. Discontinue support to states and
1536 regional entities on procurement, commissioning, and
1537 techno-economic analysis of deployed systems. Eliminate support
1538 for new collaborative test bed and field trials. Discontinue
1539 support for development of enhanced tools and data to U.S.
1540 industry for development and use of grid-scale batteries. I mean
1541 and this goes on.

1542 But why, I mean you talk about energy dominance, but this
1543 is like waving white flags. Why would you propose such
1544 devastating cuts for a technology that would only increase the

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1545 use of clean energy especially when our U.S. industries are in
1546 the fight of their life with China? So how do you explain that?

1547 Secretary Perry. Ms. Castor, thank you for recognizing the
1548 great job that was done by particularly the private sector down
1549 in Puerto Rico. They were men and women who left their families
1550 for long periods of time. I was on a call yesterday with the
1551 subsector council and just said thank you as you have today.
1552 So thank you for recognizing that.

1553 Let me just briefly address your concerns here particularly
1554 on the issue of -- and again I don't want to go back over what
1555 I talked with Mr. Rush about, but we see a lot of the dollars
1556 that have flowed into this area before particularly on wind and
1557 solar as areas where they are being substantially more mature.

1558 I mean the cost of those have gone down. I think each one of
1559 them 65 percent at least over previous year to date costs. So
1560 we have seen some substantial decreases in the cost of getting
1561 those technologies to the marketplace.

1562 And I think we are going through a shifting, a shifting to
1563 battery storage and beyond batteries, if you will, which is a
1564 new focus in the fiscal year 2019 budget that we are going to
1565 be within EERE we are taking a holistic approach to energy storage.

1566 Early stage R&D is focused on controllable loads, on hybrid
1567 systems, new energy storage technologies, and again, you know,
1568 this process is about finding the right balance and we are going

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1569 to work with you to find that right balance.

1570 I not only recognize but respect your position here and you
1571 are absolutely correct. We have a huge challenge with China not
1572 just in this area but in a host of other ones. Supercomputing
1573 is one of them that I will suggest to you is at the top of that
1574 list. If we don't get that one right we are in trouble.

1575 Mr. Upton. Thank you.

1576 The gentleman from West Virginia, Mr. McKinley.

1577 Mr. McKinley. Thank you, Mr. Chairman. And thank you, Mr.
1578 Secretary, for particularly for your interest in preventing the
1579 premature closing of our country's coal and nuclear power plants.

1580 But let me speak to a broader audience. This committee has
1581 held numerous hearings on this topic of grid reliability over
1582 the past few years. During that time, your last 10 years, 531
1583 coal-fired units and 11 nuclear plants have been closed. Their
1584 output has been replaced with gas plants, but unfortunately only
1585 half of those plants have a firm supply for gas, meaning without
1586 a supply contract in a cold spell gas is understandably diverted
1587 from creating electricity for home residential heating. And
1588 according to NERC, in the past 3 years America has experienced
1589 over 4,000 forced outages of power plants across America due to
1590 a lack of fuel. Ninety four percent of those outages were
1591 gas-driven power plants. So this should not,
1592 unfortunately, these statistics don't give me the confidence that

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1593 closing more coal units and nuclear power plants is a dependable
1594 option for national security. And you have been talking about
1595 national security throughout your presentation today. For
1596 example, nationally, in January, NETL reported without the
1597 resilience of coal the East Coast would have suffered severe
1598 electrical shortages, leading, likely, to widespread blackouts.

1599 And earlier this year, ISO New England concluded the
1600 possibility that power plants won't be able to get the fuel they
1601 need to run is the foremost challenge to a reliable power grid
1602 in New England. According to PJM, the PJM's market, it can also
1603 be shown that the demand for the grid could not have been met
1604 without coal. These are all quotes that are coming from major
1605 sources, major reliable sources. So taking these reports in
1606 consideration, can you just imagine what our grid stability was
1607 going to look like with dependability and resilience if we have
1608 fewer coal and nuclear plants? Mr. Secretary, you and I have
1609 had numbers of conversations about it and this committee has been
1610 saying all along that our fuel security is a national security
1611 issue. So, Mr. Chairman, I would like to submit for the record
1612 a series of documents, a letter that we have from 23 bipartisan
1613 members of Congress asking you to invoke 202(c). I have another
1614 letter that is written to the President, bipartisan support for
1615 some kind of implementation to save our aging coal and nuclear
1616 power plants. And we have four other letters of support from

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1617 labor unions across the country and interest in saving and
1618 implementing 202(c).

1619 Quite frankly, Mr. Secretary, I believe it is time. You
1620 tried the 403. Some form of 202(c) or some other emergency act
1621 is necessary if we are going to have national security. So I
1622 am calling on you to use whatever legal power you have so that
1623 we can meet the challenges that our manufacturers need and our
1624 communities need all across America with having a reliable grid
1625 system.

1626 So I would like to have your thoughts. Last Thursday I was
1627 with the President and he specifically said, I think in a crowd
1628 in West Virginia, I think we can work something out on 202(c).

1629 I know he has had conversations with you about that. Can you
1630 share the extent of not your private conversations, where do you
1631 think we are going with 202(c) or some component of that? Thank
1632 you.

1633 Secretary Perry. Mr. McKinley, I hope that your remarks
1634 have been televised and we can put them up because you have
1635 succinctly made the point for exactly what has to happen in this
1636 country from the standpoint of being able to protect the
1637 resiliency and the reliability of our electrical grid. And if
1638 you do not have sufficient coal and nuclear plants, the day is
1639 coming when particularly in the Northeastern part of the United
1640 States because of other restrictions that they have on energy

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1641 flowing into that part of the world that the national security
1642 of this country is jeopardized.

1643 I don't think that is appropriate in any way. Political
1644 decisions that put people's lives in jeopardy are inappropriate
1645 and I think this President understands that. He has had multiple
1646 conversations with me and others in his administration to find
1647 a solution to that. That is exactly what we are working on today.

1648 There are a number as you said 202(c) is one of those, there
1649 may be other options which we need to look at as well.

1650 Mr. McKinley. Are we getting close to a decision?

1651 Secretary Perry. Expedition is of importance.

1652 Mr. McKinley. Thank you. Thank you, Mr. Secretary, and
1653 I yield back.

1654 Mr. Upton. The gentleman's time is expired.

1655 The gentleman from Maryland, Mr. Sarbanes.

1656 Mr. Sarbanes. Thank you, Mr. Chairman.

1657 Thank you, Secretary Perry, for being here. Last October
1658 when you were here we talked about these ongoing threats to our
1659 national security, a little bit different from what you were just
1660 speaking about, which is the national security associated with
1661 maintaining a kind of diversified portfolio of energy sources.

1662 This is more about the cyber attacks that are coming in and we
1663 already know that there has been hacking attempts by the Russians
1664 against our elections last year.

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1665 But we now know last month the Department of Homeland
1666 Security, FBI, publicly accused the Russian Government cyber
1667 actors of a multi-stage intrusion campaign that is going after
1668 the energy infrastructure. And I assume, I know that you view
1669 that as intolerable those kinds of attacks on our energy security
1670 framework, presumably.

1671 Secretary Perry. Oh, absolutely. Yes, sir.

1672 Mr. Sarbanes. And in the budget for fiscal year 2019 there
1673 is \$96 million proposed for a new office to address cyber threats
1674 coming in against the energy sector and I appreciate that
1675 attention being given. I think we need a little bit more
1676 knowledge here in Congress to be able to respond appropriately
1677 to the proposal with respect to cybersecurity in combating these
1678 cyber threats. And last October you may recall I asked whether
1679 you would be willing to come and do a briefing on that specific
1680 topic. We haven't had that yet so I would like to reiterate that
1681 request for a briefing.

1682 We can try to work with the committee. Obviously
1683 Congressman Latta, McNerney, and others have a real interest in
1684 this. I am sure the chairman does as well. So I just wanted
1685 to ask if you would be willing to work with the committee and
1686 our office to try to get that kind of a briefing together.

1687 Secretary Perry. Yes, sir. We will work with the
1688 committee.

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1689 Mr. Sarbanes. Thank you very much. I want to talk now about
1690 a proposed cut in the budget. It is a 70 percent cut to the Office
1691 of Energy Efficiency and Renewable Energy for fiscal year 2019.
1692 This program, the EERE program, as many colleagues of mine have
1693 been pointing out, has been a very smart return on investment
1694 for taxpayers, a net benefit of \$230 billion when you look at
1695 what has resulted from it.

1696 I wanted to talk a little bit about what it means in my own
1697 district. One of the programs inside the EERE program or
1698 initiatives was the SunShot Initiative and that has been targeted
1699 for a 67 percent cut. This initiative was one where the
1700 Department of Energy would set a goal of capturing the potential
1701 of solar technology, which everybody acknowledges is critical
1702 in making solar electricity more affordable, by 2020. In
1703 Baltimore we actually worked with the Department of Energy to
1704 bring that potential to low-income homeowners so that all
1705 communities would be able to take advantage of low cost solar
1706 and energy.

1707 So it has meant a great deal to Baltimore. Over the last
1708 few years we have been able to put in 53 rooftop solar
1709 installations for low-income homeowners. There is 990
1710 additional ones planned over the next 2 years and with DOE's
1711 continued support the Baltimore Shines model, which is our local
1712 sort of version of the SunShot Initiative, if you will. This

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1713 can really be a model across the country and we think can lead
1714 in terms of what it means to have diversified financing for
1715 low-income solar installation.

1716 So the basic question here is does your Department remain
1717 committed to the goals of the SunShot Initiative which seems to
1718 be like the terminology of it or the name of it is being pushed
1719 aside. It is hard to keep track of where your commitment is and
1720 the Department's commitment is to this solar technology
1721 advancement is. And will you maintain the same commitment within
1722 the Solar Energy Technologies Office that has been a hallmark
1723 up to this point and further commit to making sure that low-income
1724 communities are in a position to take advantage of these low-cost
1725 energy and skilled job opportunities which are available within
1726 the solar technology industry?

1727 Secretary Perry. Yes, sir. Mr. Sarbanes, let me work with
1728 you. I am not that knowledgeable with that specific program from
1729 a granular standpoint and I want to be able to give you an
1730 appropriate answer so I will follow up.

1731 Mr. Sarbanes. I appreciate that. I think if you look
1732 inside the Department's data on this it is quite impressive and
1733 we can help present some of that back to you as well.

1734 Secretary Perry. Yes, sir.

1735 Mr. Sarbanes. Thank you.

1736 Mr. Upton. Mr. Kinzinger?

1737 Mr. Kinzinger. Thank you, Mr. Chairman. If I can get Mr.
1738 Flores' attention for a second, yes, there you go. Thanks.

1739 Mr. Secretary, thank you for being here. As you may or may
1740 not know I have four nuclear power plants in my district which
1741 is the most of any in the country. It is eight reactors.
1742 Obviously that is many locations for spent fuel storage and so
1743 nuclear is extremely important not just for our domestic energy
1744 production, but one of the things last time you were here you
1745 and I talked a little about was energy as a tool of national
1746 security and the importance of that and the role that that plays.

1747 Just this week you made the point that every molecule of
1748 American gas that goes into Europe is a molecule that they don't
1749 have to get from Russia and be held hostage. I know you are aware
1750 the Russians are building or considering about 55 nuclear projects
1751 around the globe and for China that number is closer to 200
1752 projects. Does your sentiment about Russian natural gas apply
1753 to nuclear power as well, sir?

1754 Secretary Perry. Yes, sir. It does. And I think it goes
1755 right to the heart of the agreement with Saudi Arabia that is
1756 being negotiated now, the 123 Agreement, in the standpoint of
1757 if we do not succeed in that effort the alternatives are China
1758 or Russia. Number one, neither of those countries care about
1759 nonproliferation, and the other one is we will lose the
1760 opportunity to develop our supply chain and our intellectual chain

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1761 that will further put America at a disadvantage. And not just
1762 in the civil nuclear side, but sometime down the road on our
1763 ability to protect this country from a weapons standpoint. So
1764 this is a critical time in American history relative to supporting
1765 nuclear energy, civil nuclear energy.

1766 Mr. Kinzinger. Thank you. And I appreciate that your
1767 budget request prioritizes nuclear energy research, nuclear
1768 security, and of course Yucca Mountain. However, I remain deeply
1769 concerned about the state of our domestic nuclear industry as
1770 we have talked about. I have introduced legislation with my
1771 friend, Mr. Doyle, to make common sense reforms at the NRC to
1772 provide existing plants some relief, but without a strong domestic
1773 industry how do we expect American technology and, more
1774 importantly, safety culture and nonproliferation standards to
1775 compete with state-run power companies like Russia and China.
1776 So, overall, what is the DOE currently doing or planning to do
1777 to support our domestic industry and reaffirm our global
1778 leadership?

1779 Secretary Perry. Well, obviously the administration is the
1780 message is clear not just on the nuclear side but coal as well
1781 and it is not just those two. This administration is committed
1782 to a broad portfolio of renewables of gas, of hydro, coal, and
1783 nuclear.

1784 Mr. Kinzinger. And while I believe that H.R. 1320 is part

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1785 of the solution, there are several options to put the domestic
1786 nuclear industry on steadier ground and increase our global
1787 competitiveness. Can you elaborate as much as you can on DOE's
1788 Light Water Reactor Sustainability Program which is looking at
1789 extending existing licenses from 60 to 80 years?

1790 Secretary Perry. Yes, sir. We will continue to promote
1791 those technologies as best we can. We think that again this plays
1792 into the diverse portfolio and new technologies whether it is
1793 clean coal technologies, whether it is -- I was on the West Coast
1794 at Livermore Lab 2 weeks ago looking at technologies that are
1795 making our wind turbines more efficient. So there is a host of
1796 innovation rather than regulation is the real motto here from
1797 our perspective.

1798 And whether it is in the nuclear side of things, whether
1799 it is in the fossil fuels, whether it is in the renewables, the
1800 national labs and the dollars that you all are authorizing for
1801 these national labs will go a long way towards making America
1802 more competitive in the global energy marketplace.

1803 Mr. Kinzinger. Thank you. And, lastly, do you believe that
1804 wholesale energy markets can do a better job at valuing the unique
1805 resource attributes of nuclear power, and if so how can DOE and
1806 Congress help to reform these energy markets? What role can we
1807 play in doing so?

1808 Secretary Perry. Well, I think one of the roles that DOE

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1809 needs to play in this is to rebalance that obviously previous
1810 to this administration coming into place there were some thumbs
1811 on the market and at least we should take that pressure off of
1812 the direction that those markets were headed. Obviously there
1813 were some political considerations in the previous administration
1814 that they were not fond of coal, they were not fond of nuclear,
1815 and both of those industries paid a price for it. They had their
1816 favorites in the arena and they supported those. What we are
1817 looking at is to rebalance, if you will, to take the thumb off
1818 of the market scale.

1819 But with that in mind, the more important issue is one of
1820 national security. Being able to know without a doubt that the
1821 energy supply will be there when we need it whether it is from
1822 a cyber attack that stops the gas somewhere, whether it is a
1823 hurricane that hits the, you know, God forbid, not again, the
1824 northeastern part of this country, the national security side
1825 of this is even more important than the economic side of it.

1826 Mr. Kinzinger. Thank you, Mr. Secretary. I appreciate you
1827 being here and I yield back.

1828 Mr. Olson. [Presiding.] Time has expired.

1829 Mr. Tonko for 5 minutes of questions.

1830 Mr. Tonko. Thank you, Mr. Chair.

1831 Welcome, Secretary Perry, and thank you for returning before
1832 the committee. Over the past year I haven't agreed with all of

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1833 your decisions or priorities. I thought the notice of proposed
1834 rulemaking was incredibly misguided, but overall, and it might
1835 surprise you to hear me say this, I think you have done a fine
1836 job as Secretary.

1837 Secretary Perry. Yes, sir.

1838 Mr. Tonko. As far as I am aware there have been no major
1839 scandals or extravagant waste of taxpayer dollars. You have
1840 visited many national labs and it seems like you believe in the
1841 mission of the agency, all of which is more than I can say for
1842 some of your cabinet counterparts.

1843 With that said, I am concerned by a number of the proposed
1844 cuts in fiscal year 2019's requests. Many of them have been
1845 mentioned already, EERE, the Office of Science, grid
1846 modernization programs, and the elimination of ARPA-E. In the
1847 past you have stated support for ARPA-E and DOE's innovation
1848 budget. Last year you testified that energy innovation is a part
1849 of DOE's core mission and I think you might agree that cuts of
1850 the magnitude that have been proposed are not good for the future
1851 of America's global energy leadership.

1852 So I would encourage you to push back on OMB to ensure
1853 innovation continues to be a top priority of the agency.
1854 Specifically, now that Congress has appropriated fiscal year 2018
1855 funding for programs that the previous request proposed
1856 eliminating, I expect we won't see a repeat of last year's

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1857 impoundment of ARPA-E funds or a delay of weatherization funding
1858 to states which they are expecting on July 1.

1859 But I want to focus on a different issue. Mr. Secretary,
1860 are you familiar with this recent National Energy Technology
1861 Laboratory report entitled, "Reliability, Resilience and the
1862 Oncoming Wave of Retiring Baseload Units"? It is dated March
1863 18th, or March 13th, excuse me, 2018 and it was posted on DOE's
1864 website on March 27th.

1865 Secretary Perry. I am not an expert at it, but I am certainly
1866 familiar with it.

1867 Mr. Tonko. Okay. Are you aware of any DOE political
1868 officials that discussed this report as it was being developed
1869 by NETL?

1870 Secretary Perry. I am not.

1871 Mr. Tonko. Would you be willing to share any communications
1872 between DOE officials and NETL about the report with the
1873 committee?

1874 Secretary Perry. I would be happy to.

1875 Mr. Tonko. Thank you. The reason I ask is because this
1876 report is cited numerous times in FirstEnergy's section 202(c)
1877 request which was submitted just 2 days after the report was
1878 published on DOE's website. I want to take issue with how the
1879 report represents the data to conclude coal made the grid more
1880 resilient during the bomb cyclone.

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1881 I think most economists and grid operators agree on what
1882 happened. There was greater electricity demand, prices
1883 increased, and that allowed marginal power generators to come
1884 online. In PJM those are coal plants that under normal
1885 circumstances are not economically competitive. We saw
1886 electricity markets at work. When demand increased, more
1887 expensive generators could operate. This is evidence of coal's
1888 cost, not its resilience. In fact, according to PJM, at times
1889 coal plants experienced higher failure rates than other
1890 resources.

1891 This notion that the only thing standing between us and
1892 blackouts is aging coal plants is just not accurate. What we
1893 might agree about, but I suspect for different reasons, is the
1894 premature closure of a significant amount of clean energy
1895 resources would be bad for air pollution as well as our short
1896 and long-term emissions reduction goals. If that is the case,
1897 we should look at what has been done by states, states such as
1898 my home state of New York, to preserve and compensate zero
1899 emissions generation. Or if you prefer an in-market solution,
1900 consider what New York's ISO is working on to develop to price
1901 carbon within the market.

1902 These options are not without their flaws or opponents, but
1903 they do represent a serious path forward to address some of the
1904 issues you have been discussing this past year. But ultimately

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1905 these are policy decisions for states or for Congress. Acting
1906 under the pretense of an emergency to justify unilateral agency
1907 action is not good for consumers or the people responsible for
1908 operating our grid.

1909 So, Secretary Perry, do you have any thoughts on the role
1910 or appropriateness of states taking action to support zero
1911 emission generators through clean energy standards or similar
1912 programs?

1913 Secretary Perry. No, sir. I encourage states to get
1914 involved with making their states more competitive. I certainly
1915 did that when I was the Governor of Texas and we saw a reduction,
1916 almost 20 percent of total carbon footprint, over 60 percent of
1917 both NOx and SOx during that period of time. So the point is,
1918 states can have a real role in this. With that said, from my
1919 perspective this issue that we are facing and I recognize -- and
1920 by the way thank you for your kind remarks. My wife doesn't even
1921 agree with me all the time, so --

1922 Mr. Tonko. Okay. Well, I need to meet her then.

1923 Secretary Perry. Yes, sir. I am going to show her this,
1924 if you don't mind. But the point is that there are real national
1925 security implications here. And I will finish with this. As
1926 the Governor of Texas I brought in ERCOT, which is our big Electric
1927 Reliability Council that oversees our generation in Texas. And
1928 I think it was late spring of one year we had had a very hot summer,

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1929 which we typically do in Texas, and we had had some brownouts.
1930 We were trying to manage the system.

1931 And I shared with them, I said, listen, you are the expert
1932 here, but I don't want to get a phone call from citizens of this
1933 state because you weren't prepared and you didn't put in place
1934 the needed generation capacity to be able to deliver electricity
1935 to a city like Dallas that has had 15 straight days of 105-plus
1936 degree temperature and a grandmother has died. I said that is
1937 not a conversation that I am going to accept, and the same is
1938 true as the Secretary of Energy.

1939 And the administration is focused on making sure that we
1940 have the resiliency and the reliability of our grid, and I want
1941 to work with you. I will work with the states as well to find
1942 the solutions to this. But I don't think we have time to be
1943 studying this anymore to the standpoint of oh, let's just kick
1944 the can down the road. I think we are facing with these plants
1945 being scheduled, some of them prematurely, to come offline, I
1946 just don't want a call from somebody in Upstate New York because
1947 the power has gone out because we didn't have the political courage
1948 to put into place a strategy that made sure that a citizen of
1949 New York is never going to have to make the decision of whether
1950 or not we are going to turn the lights on or are we going to keep
1951 our family warm.

1952 Mr. Tonko. I have exhausted my time. I would just say that

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1953 New York did make certain that they had their power supplies met
1954 and with zero emissions being the guiding force. So I think that
1955 is the difference here.

1956 But I yield back, Mr. Chair.

1957 Mr. Olson. Time is expired.

1958 Mr. Griffith, 5 minutes for questions, please.

1959 Mr. Griffith. Thank you, Mr. Secretary. I appreciate you
1960 being here. All my questions have gone out the window because
1961 of comments that have been made of recent or at least a lot of
1962 them have.

1963 You were very kind to the previous administration to say
1964 they put their thumbs on the scale when they were looking at
1965 various energy sources. In my district which has got natural
1966 gas, predominantly coal, we felt like it wasn't a thumb on the
1967 scale, we felt like it was a boot on our necks. We had thousands
1968 of jobs lost, families disrupted, communities losing businesses
1969 left and right, hospitals closing down because they no longer
1970 had the big employer at the coal mine to pump in the insurance
1971 into the hospital and the money coming in there. It was
1972 devastating.

1973 And so I was kind of surprised, one, that Mr. McKinley missed
1974 the NETL report in his detail. He kept going. I guess he had
1975 to have some time for questions and so he left that one out.
1976 But further that Mr. Tonko doesn't understand. And he is a good

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1977 man, but he doesn't understand. It would be easy for people who
1978 were that desperate like a thirsty man in the desert who finally
1979 discovers an oasis to consume that NETL report and put out the
1980 request for 202(c) relief within 2 days because the coal community
1981 has been desperate until you all have come along and not wanting
1982 to put your finger on the scale at all but wanting to make sure
1983 that there is an all-of-the-above strategy for the United States,
1984 and I thank you. Would you like to make any comment before I
1985 go on?

1986 Secretary Perry. Go right ahead, sir.

1987 Mr. Guthrie. All right. So I appreciate that and I do have
1988 this to say although it is not your Department. He indicated
1989 that, you know, the fact that we had to use the coal and it cost
1990 more than that was the markets at work. It is also federal
1991 regulation. Because what we need to do is we need to look at
1992 the New Source Review rules, because when a coal-fired power plant
1993 and lots of other businesses that use coal for power go in and
1994 they want to make one little change, even if it makes that plant
1995 more efficient, they have to then comply with all kinds of
1996 regulations.

1997 I have a facility in my district which is not a power plant,
1998 another facility that I toured a number of years ago and they
1999 had a kink in their conveyor belt because at one time there had
2000 been a part of their paint shop on the end of the conveyor belt.

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2001 They no longer had that paint shop or that painting capacity,
2002 I think it was lacquer, but they left the kink. And so we walked
2003 over the conveyor belt once and then we walked over it a second
2004 time where it just went out into empty space, and the owner said
2005 that because he had to meet those EPA regulations it was easier
2006 just to leave the kink in the conveyor belt than to make his process
2007 more efficient. We need to make some changes there and I hope
2008 you would agree with that even though I know it is EPA's turf.

2009 Secretary Perry. Right. Mr. Griffith, I think you bring
2010 in a very high level way what this administration is focused on.
2011 The President has given clear directives to people like myself,
2012 Scott Pruitt, Secretary Zinke from a regulatory standpoint that
2013 getting rid of regulations where the costs outweigh the benefit
2014 is one of the real goals. And it has been, I think, very
2015 successful to date.

2016 And the key here is having some common sense applied, being
2017 able to recognize that we have overregulated this country and
2018 those overregulations have cost this country a huge amount of
2019 jobs and untold wealth.

2020 So you were spot on from the standpoint of the single most
2021 important thing I learned as a governor that tax policy is
2022 important. You don't overtax, but businesses know how to deal
2023 with that. It is when you have a regulatory environment that
2024 is strangled where you will lose your businesses. It is one of

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2025 the reasons we were able to bring a lot of businesses out of
2026 California to Texas, no offense to anybody from California that
2027 is here. But the point is they were overregulating and businesses
2028 want to get out of that environment.

2029 So the regulation side of what you are talking about is
2030 incredibly important. It is not just about being able to address
2031 the national security side of things, the issues that we talk
2032 about whether it is a 202 or whether it is some other avenue towards
2033 making sure we have a reliable portfolio, but the regulatory
2034 environment in this country has to be addressed.

2035 Mr. Griffith. And I could not agree more. And I appreciate
2036 all the work that you all are doing in the administration to get
2037 this straightened out because it really has, I think, hurt our
2038 country.

2039 That being said, let me switch to more positive things.
2040 Ms. Castor complimented you on the testimony of one of your folks
2041 at the O&I subcommittee yesterday related to Puerto Rico. I think
2042 that they are doing great work down there and we appreciate it,
2043 but I think we can also use that as a test bed for other areas
2044 that might get isolated in a disaster and look at doing microgrids
2045 and other things that we can move this country forward to make
2046 sure that we have our grid resilient. We have a perfect example.
2047 We are going to spend a lot of money there anyway. Let's spend
2048 it doing experiments to see how we can build the system for the

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2049 rest of the country as well.

2050 And with that, I know you agree but I have to yield back.

2051 Secretary Perry. Yes, sir.

2052 Mr. Olson. Time is expired.

2053 Mr. Loeb sack, 5 minutes for questions.

2054 Mr. Loeb sack. Thank you, Mr. Chair.

2055 Great to see you again, Mr. Secretary.

2056 Secretary Perry. Sure, thank you.

2057 Mr. Loeb sack. We don't have a lot in common, Iowa and Texas,
2058 but we do have wind energy in common.

2059 Secretary Perry. I have spent a lot of time in your home
2060 state, sir.

2061 Mr. Loeb sack. I am aware of that too. That is right.

2062 Seems like ages ago, but I am aware of that. Thank you. But
2063 I am happy about your support for wind energy. As you know that
2064 constitutes, it is about 37, 38 percent of the electricity
2065 generated in the state of Iowa so it is really a great program.

2066 And thank you for coming back to this committee. I do appreciate
2067 the accountability that you demonstrate here. I think all of
2068 us do on a bipartisan basis.

2069 As you know of course my home state of Iowa does lead the
2070 nation in biofuels production. It is an integral part of our
2071 economy, the farm economy, and right now the farm economy is
2072 suffering. We have concerns about trade issues too, we don't

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2073 need to get into that today. But that is certainly a bipartisan
2074 concern that we have in the state of Iowa, what is happening on
2075 that front. And I am sure that you are aware of the recent press
2076 reports about the waivers that the EPA has granted the small
2077 refineries to release them from their obligations under the
2078 Renewable Fuel Standard program including, actually, some of the
2079 nation's largest and most profitable refiners.

2080 And as you can imagine, the biofuels community has
2081 significant concerns about the apparent increase in the awarding
2082 of these waivers by the EPA and about the implications for the
2083 biofuels industry, the corn market and of course the farmers who
2084 depend upon the market and the workers in the industry, all the
2085 John Deere and a lot of other, the implement companies that are
2086 all related to this as well economically. And the small refinery
2087 waiver process as you know requires the EPA to consult with the
2088 DOE and with you, the Secretary of Energy in particular, in review
2089 of the exemption petitions and unfortunately there is not a lot
2090 of transparency, if any, in this process.

2091 So I do want to ask you, has the EPA consulted with the DOE
2092 on their issuance of these waivers as required by law?

2093 Secretary Perry. Yes, sir. I would suggest to you they
2094 have. I don't know the intensity and that may be the wrong word,
2095 but the depth of those negotiations and what -- I know that they
2096 use us as the agency to advise them about how this would impact

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2097 the energy sector. So, but for clarity purposes, EPA is who hands
2098 out those.

2099 Mr. Loeb sack. Right. But they are required by law to
2100 consult with DOE, with the Secretary of Energy, right?

2101 Secretary Perry. But they do consult with us. Yes, sir.

2102 Mr. Loeb sack. Does your office recommend that EPA adopt
2103 any small refinery waivers this year, and if so what waivers did
2104 you recommend?

2105 Secretary Perry. Let me go back and get the details of that
2106 for you so that I can give you specific and correct information.

2107 Mr. Loeb sack. Yes and I really do appreciate that because
2108 what I am going to ask you then, moving forward, just yesterday
2109 your counterpart at the USDA, Secretary Sonny Perdue, indicated
2110 that he believes the EPA is misusing the hardship waivers. And
2111 as you know our governor is in town today too and she is trying
2112 to get through to the President to talk to him about the RFS.

2113 Secretary Perry. Yes, sir.

2114 Mr. Loeb sack. Do you agree with Secretary Perdue that the
2115 EPA has misused the hardship waivers?

2116 Secretary Perry. I can't speak to that because I don't know
2117 the details of the issue. If I could just add one side of the
2118 story, one of the things that we are working on is to find some
2119 other, it would be, number one, I know my Iowa corn farmers pretty
2120 well and they really don't care where this ethanol goes as long

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2121 as it gets to go somewhere.

2122 Mr. Loeb sack. I just had a meeting with a number of them
2123 last weekend.

2124 Secretary Perry. Yes, sir. And I respect that having been
2125 a former agricultural commissioner of the state of Texas. We
2126 are in conversations with my counterpart in Mexico and we were
2127 talking to him as late as this last month about being able to
2128 move U.S. ethanol into Mexico into their fuel mix because they
2129 are in the process of we understand that they are going to be
2130 mandating some ethanol.

2131 Mr. Loeb sack. And I really appreciate that. And we have
2132 to keep in mind too that we are talking about a lot of production
2133 of corn here in the country and of course around the world and
2134 ethanol is obviously one use of that corn. There is no question.
2135 But we have to make sure in those NAFTA renegotiations that we
2136 don't get our corn market in Mexico cut off as well.

2137 So I just have some questions. I don't have time to go
2138 through them here, but I do want to submit these questions for
2139 the record having to do with the total number of refinery waiver
2140 applications that the DOE evaluated for the last 5 years. So
2141 a number of those and I would like to submit those for the record,
2142 Mr. Chair.

2143 Secretary Perry. So we will have them ready for you.

2144 Mr. Loeb sack. And thanks for your time today. I appreciate

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2145 it. And we look forward to your answers to our questions.

2146 Secretary Perry. Yes, sir.

2147 Mr. Loeb sack. Thanks, Mr. Secretary. I appreciate it.

2148 I yield back.

2149 Mr. Olson. Thank you.

2150 Mr. Johnson, 5 minutes of questions.

2151 Mr. Johnson. Thank you, Mr. Chairman.

2152 Mr. Secretary, good to see you again.

2153 Secretary Perry. Thank you, sir.

2154 Mr. Johnson. I sure enjoyed our trip down to Piketon a few
2155 months ago.

2156 Secretary Perry. Yes, sir.

2157 Mr. Johnson. You know, you and I had extensive discussions
2158 when we were there and, like you, I support an all-of-the-above
2159 energy policy and I know you believe that as well. My district
2160 in Eastern and Southeastern Ohio, and you and I have talked about
2161 that a little bit as well, is no stranger to the benefits of a
2162 diverse generation with our abundance of both coal and natural
2163 gas. Many of the coal plants in the 6th District of Ohio, along
2164 the Ohio River are not only a reliable source of power but they
2165 are the strong economic drivers for the communities in which they
2166 exist. The people rely on them there for good paying jobs.

2167 So I worry about the recent retirements and announced
2168 retirements of coal plants especially as federal and state laws

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2169 and regulations have played a major role in affecting these plants
2170 over the years. I know you have repeatedly expressed similar
2171 concerns and have pushed FERC on these issues. So my first
2172 question, are you satisfied with FERC's work to date on this issue
2173 and do you believe FERC and the RTOs and the ISOs are taking the
2174 right approach to these issues?

2175 Secretary Perry. Well, relative to the 403 that we sent
2176 up, I would have to be on the opposing side of, I wouldn't have
2177 sent them our recommendations if we didn't think they were
2178 correct. So, you know, I am not going to -- that is the only
2179 dealings that I have had with them to date.

2180 Mr. Johnson. Sure.

2181 Secretary Perry. So my first experience of picking up that
2182 potato was it was pretty hot.

2183 Mr. Johnson. Yes, yes. Well, second question, you state
2184 that the fiscal year 2019 DOE budget will help improve grid
2185 resilience and support generation diversity. Can you provide
2186 examples on how DOE will work towards these objectives?

2187 Secretary Perry. Well, obviously having grid diversity has
2188 to do with having resource diversity. One of our challenges is
2189 that in the course of the last decade the resources have changed
2190 drastically. You think back to 2005, just as Hurricane Katrina
2191 was coming into the Gulf Coast there was a fellow giving a speech
2192 about peak oil. Fast forward 10 years and the United States is

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2193 in the process of becoming the number one oil and gas producing
2194 country in the world. I mean that literally happened in a decade,
2195 the explosion of renewables and the grid being able to manage
2196 all of that and so the technology to manage the grid. And I put
2197 that into the resiliency side and the reliability side.

2198 So the challenges that are out in the world today and how
2199 quickly they came is a great testament to our national labs and
2200 the innovation that comes out of those national labs and our
2201 private sector working together in many cases. So the way we
2202 look at this is we have been blessed with a lot of resources.

2203 How you manage those resources both with innovation and with
2204 common sense, common sense part of this from my perspective is
2205 don't restrict resources getting into your grid that could put
2206 your national security in jeopardy, for instance.

2207 So all of this is, it is quite a challenge, Mr. Johnson,
2208 as you know, but I am quite confident we are up to it and we will
2209 find the solutions that challenge us as a country.

2210 Mr. Johnson. Yes. Well, thank you, Mr. Secretary.

2211 You know, shifting gears just a little bit, when we were
2212 at Piketon, you and I, and I appreciate your support of all the
2213 stuff that is going on down at Piketon as well. I appreciate
2214 that very much. You have made reference to an Appalachian plan
2215 which relates to infrastructure to take advantage of our natural
2216 gas resources and other industrial resources in West Virginia

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2217 and Ohio. Can you elaborate quickly what that vision looks like?

2218 Secretary Perry. Yes, sir. As the Governor of Texas I used
2219 to fret greatly in August and September about a Category 5
2220 hurricane coming up the Houston Ship Channel, Mr. Olson, and
2221 creating havoc in the petrochemical footprint in the state of
2222 Texas which would have negative effect all over this country.

2223 Having a duplication of that somewhere made a lot of sense to
2224 me and why not put it where the resource is which is in the
2225 Appalachian region. You are sitting on top of the Marcellus,
2226 the Utica.

2227 So if government will not be an impediment from a regulatory
2228 standpoint in particular, the private sector will come and fund
2229 that. This isn't a matter of, you know, coming to Congress and
2230 saying hey, will you put millions of dollars into this. Just
2231 don't get in the way.

2232 Mr. Johnson. There you go.

2233 Secretary Perry. And help those states, West Virginia,
2234 Ohio, Kentucky, put that plan together. We are in the, I am not
2235 going to say nascent but we are in the early stages of conversation
2236 coordinating with those states, coordinating with other agencies
2237 to be able to lay out a plan hopefully before this year is out
2238 so that there is a clear opportunity for this country to have
2239 a duplication of that petrochemical footprint in the Gulf Coast
2240 of Texas in the Appalachian region. The economic impact would

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2241 be stunning. More importantly, the national security side of
2242 it would be far-reaching.

2243 Mr. Johnson. Makes perfect sense.

2244 Thank you, Mr. Chairman. I yield back.

2245 Mr. Olson. The gentleman yields back.

2246 Mr. Schrader, 5 minutes for questions.

2247 Mr. Schrader. Thank you, Mr. Chairman. And thank you, Mr.
2248 Secretary, for being here. It is nice to have a normal and
2249 competent member of the administration before the committee here.

2250 I would like to go back to Chairman Walden's comments
2251 regarding the Power Marketing Administrations. As you might
2252 imagine that is a bipartisan issue in my part of the country.

2253 On page 14 of your testimony you state budget proposes a sale
2254 of transmission assets of the Western Area Power Administration,
2255 Bonneville Power Administration, and Southwestern Power
2256 Administration and to reform the laws governing how the PMAs
2257 establish power rates, et cetera. Frankly, as a member of
2258 Congress in the Pacific Northwest, very concerned about the
2259 administration's continued insistence we sell off transmission
2260 assets at the Bonneville Power Administration and require them
2261 to sell power at market rates. Mr. Chairman, I guess I would
2262 like to enter into the record the bipartisan letter the Pacific
2263 Northwest delegation sent to OMB Director Mr. Mulvaney opposing
2264 this proposal in the 2019 budget.

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2265 Mr. Olson. Without objection, so ordered.

2266 {The information follows:}

2267

2268 *****INSERT 4*****

2269 Mr. Schrader. Thank you. The BPA is a nonprofit federal
2270 wholesale utility and power marketer that receives no
2271 congressional appropriations. I repeat that, no congressional
2272 appropriations, and must recover its costs with revenues it earns
2273 like the private sector from selling wholesale power and
2274 transmission services. BPA provides approximately half the
2275 electricity used in the Pacific Northwest and operates
2276 three-quarters of the region's high voltage transmission grid.
2277 Selling off these transmission assets would fragment the grid,
2278 be devastating to the region, and provide a meager one-time asset
2279 that would not have any long-term beneficial effects with regard
2280 to our economy.

2281 By requiring BPA to sell power at market rates would
2282 essentially be the death knell of BPA. BPA serves the public
2283 interest and has other obligations and as such BPA markets its
2284 power at cost. Historically, it has provided some of the lowest
2285 cost electricity in the nation, natural gas having put some
2286 pressure on it obviously at this point. And that coupled with
2287 BPA's increased court-mandated spill and fish recovery
2288 operations, which account now for a third of the rates that Pacific
2289 Northwest folks pay and that Treasury consequently does not have
2290 to pay, has put additional cost pressures on the agency and driven
2291 their costs up some. Requiring BPA to sell its power at
2292 market rates would drive them into the red, make them unable to

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2293 meet their obligations to the Treasury, actually costing taxpayer
2294 money, strand the federal government with a very expensive,
2295 nonfunctioning asset and put federal taxpayers on the hook for
2296 the fish mitigation costs which come to the tune of almost a
2297 billion, or I think a little over a billion dollars a year.

2298 There has been overwhelming bipartisan, bicameral
2299 opposition as the chairman of the full committee testified to,
2300 opposition to the administration's proposal. Eight members of
2301 this committee including my fellow Northwest colleagues, Ms.
2302 McMorris Rodgers and Chairman Walden, sent a letter to our budget
2303 committee this year that I referenced asking them to reject the
2304 proposal, yet once again it seems like we are here.

2305 So our region already produces some of the cleanest power
2306 that we have talked about, very affordable. We repay the Treasury
2307 with interest. So if you can explain to me what problem the
2308 administration is actually trying to solve with this proposal.

2309 Secretary Perry. Mr. Schrader, let me just remark that
2310 maybe it is my best addition here would be I am reminded of a
2311 Kenny Rogers song where he talked about you need to know when
2312 to hold 'em and know when to fold 'em.

2313 Mr. Schrader. I understand and appreciate that response
2314 and appreciate your --

2315 Secretary Perry. Congress has been very clear about this
2316 issue. I will be more than happy to carry the message back.

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2317 Mr. Schrader. Thank you very much, Mr. Secretary. Thank
2318 you for being here.

2319 Secretary Perry. Yes, sir.

2320 Mr. Olson. The gentleman yields back.

2321 Dr. Bucshon, 5 minutes of questions.

2322 Mr. Bucshon. Welcome, Secretary Perry, from Southwest
2323 Indiana.

2324 Secretary Perry. Yes, sir.

2325 Mr. Bucshon. This committee has spent most of this Congress
2326 examining the country's electrical grid and throughout our
2327 hearings experts have stressed to us the importance of a reliable
2328 and resilient electrical grid. There are many sources of energy
2329 that can power the grid. However, coal-fired electricity is one
2330 of the most reliable fuel secure and affordable energy sources.
2331 This was evident during the 2014 polar vortex and again most
2332 recently with the bomb cyclone. It was the reliable baseload
2333 power plants such as coal and nuclear that prevented blackouts
2334 in many regions of the country.

2335 Even with its reliability, coal-fired plants continue to
2336 retire at alarming numbers, and I know Mr. Johnson just mentioned
2337 this. Since 2010 more than one-third of the nation's coal-fired
2338 power plants have shut down or announced plans to close. That
2339 is the equivalent of shutting down the entire electricity supply
2340 for Indiana, Ohio, Illinois, and Kentucky. Thirty nine coal

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2341 power plant, power generating units have been forced to close
2342 in my home state of Indiana alone.

2343 The 8th District of Indiana which I represent is home to
2344 all the coal mines in the state of Indiana which is responsible
2345 for more than 70 percent of the state's energy. Without
2346 traditional baseload energy sources such as coal being properly
2347 valued in wholesale markets plants continue to be at risk of
2348 retiring, leaving many of my constituents at risk of losing their
2349 jobs, seeing higher electrical bills, and providing less reliable
2350 energy to power our homes.

2351 This is why I have introduced H.R. 5270, the Electricity
2352 Reliability and Fuel Security Act, which would create a temporary
2353 tax credit covering a small portion of the cost to operate and
2354 maintain existing coal-fired power plants. I believe the
2355 temporary tax credit which would last for 5 years is necessary
2356 to avoid more coal retirements while Congress, the
2357 administration, and grid operators work together to ensure the
2358 grid remains reliable and resilient.

2359 Secretary Perry, do you think that you would be supportive
2360 of this legislation and the other efforts that Congress, DOE,
2361 FERC, and the grid operators are taking to properly value coal
2362 to prevent more power plant retirements and provide our nation
2363 with a more reliable and secure grid?

2364 Secretary Perry. Yes, sir. Mr. Bucshon, I think it is

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2365 important that we put into place some processes that assure this
2366 country has a reliable and resilient grid and coal is going to
2367 be a part of that and coal is going to be a part of the future
2368 energy supply of the world. By 2040, the estimate is at 77 percent
2369 of the energy produced in the world will still be fossil fuel,
2370 coal will be playing a major part of that.

2371 Our goal and our part to play in this is that U.S. coal is,
2372 you know, coal imports are up 61 percent from a year ago, we are
2373 going to continue. When I go to India we are not just going to
2374 be talking about LNG. We are going to be talking about coal and
2375 clean coal technology that is developed in this country. We want
2376 them, they are going to burn coal and we want them to use our
2377 technology to be able to remove the emissions that are harming
2378 the environment in that part of the world and globally as well.

2379 So any reasonable approach to making sure that we have a
2380 reliable energy source in this country we are going to be working
2381 with and we certainly think your legislation is reasonable and
2382 heads in that direction.

2383 Mr. Bucshon. Thank you very much for being here, Secretary.

2384 Secretary Perry. Yes, sir.

2385 Mr. Bucshon. Thanks for your work.

2386 Mr. Chairman, I yield back.

2387 Mr. Olson. The gentleman yields back.

2388 The chairman calls upon the gentleman from Texas, Mr. Flores,

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2389 for 5 minutes of questions.

2390 Mr. Flores. Thank you, Mr. Chairman. Mr. Secretary, I
2391 think you and I are equally supportive of LNG and we recognize
2392 the incredible importance of LNG exports not only in terms of
2393 our balance of trade and economy opportunity, but also the
2394 geopolitical position that it places us in vis-a-vis some of the
2395 threats that we face around the world.

2396 I know that you have taken some good steps to improve DOE's
2397 permitting process when it comes to LNG to clear the backlog of
2398 the applications that were pending that you inherited from the
2399 last administration, but I also understand that FERC is
2400 understaffed and that they are overwhelmed with their own backlog.

2401 Is there anything that you as the Secretary of DOE can do to
2402 help FERC with their backlog?

2403 Secretary Perry. I would be more than happy to, you know,
2404 have this conversation with the chairman and we are more than
2405 happy to assist them in any way we can.

2406 Mr. Bucshon. Okay. It was my understanding you might be
2407 in a position to move some folks from Sandia temporarily to FERC
2408 to help with that. Anyway if you can answer that supplementally
2409 for us that would be great. So, now with LNG out of the way,
2410 the next area that I am particularly focused on today is nuclear,
2411 particularly advanced nuclear technologies. The alma mater that
2412 you and I share, which I am pleased to represent, is a partner

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2413 on some of DOE's university engineering university programs.
2414 I understand that the administration is conducting a wide range
2415 in review of nuclear policy, but while we await the outcome of
2416 that broader review what are the most important policies that
2417 Congress can advance now in the short term, in the near term?

2418 Secretary Perry. I am sorry?

2419 Mr. Bucshon. What are the most important policies that
2420 Congress can advance in the near term while we wait for the
2421 administration to finish its overall nuclear review policy?

2422 Secretary Perry. Well, certainly I think that making sure
2423 that the resources are appropriate on this national nuclear policy
2424 review, and we have for too long, I guess, Mr. Flores, this country
2425 has kind of put nuclear, our arsenal on the back burner, if you
2426 will.

2427 Mr. Bucshon. Right.

2428 Secretary Perry. The mid '90s and the Peace dividend and
2429 the world was going to live happily ever after and that is not
2430 the case. And we came to our senses, if you will, or the world
2431 became a little clearer in view and we saw that maybe we need
2432 to make sure that we have a nuclear arsenal that is modern. These
2433 things, they age just like any other infrastructure. Being able
2434 to modernize it, being able to look at new systems, whether it
2435 is delivery or whether it is the actual arsenal itself, is very
2436 much an important role that you in Congress are going to play

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2437 from being able to fund it for one thing.

2438 Mr. Bucshon. Sure.

2439 Secretary Perry. We have a new administrator of the NNSA,
2440 a very capable individual who I think you will find very good
2441 to work with, very knowledgeable, and a good partner in this.

2442 Mr. Bucshon. When we look at the nuclear technology of the
2443 future, advanced nuclear reactors and small modular reactors,
2444 any time you have a first-mover technology like that there are
2445 some challenges in terms of trying to help, that our nuclear
2446 innovators face in terms of trying to get them off the ground
2447 so that they can move forward and get it into a position to be
2448 a commercially viable power generation source. I would ask
2449 you if you would have your staff work with us so we can try to
2450 figure out what those challenges are and what Congress can do
2451 to develop the statutory framework to be able to address those
2452 challenges.

2453 Secretary Perry. Yes, sir. We think SMRs are incredibly
2454 important going into the future, the application that they can
2455 play particularly in for our national security. If the concern
2456 is about keeping these devices secure, obviously being on a United
2457 States military base is as secure a site as you can have. So,
2458 you know, SMRs are going to play a very, very important role in
2459 the diversity of our portfolio energy production-wise going
2460 forward.

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2461 Mr. Bucshon. Okay. Well, thank you, Mr. Secretary. I
2462 have reached the end of my time. I do have additional questions
2463 that we will submit supplementally and I look forward --
2464 Secretary Perry. Yes, sir.

2465 Mr. Bucshon. -- to working with you as we address our
2466 nation's energy policy. I yield back.

2467 Mr. Olson. Time has expired.

2468 Mr. Cramer, 5 minutes for questions.

2469 Mr. Cramer. Thank you, Mr. Chairman.

2470 Thank you, Mr. Secretary, for being with us again. Thank
2471 you for your excellent leadership at the very important agency.

2472 Before I drill down into what is most important to me today is
2473 specifically the fossil energy research and development budget,
2474 I want to associate myself with Mr. Peters' comments about ITER.

2475 Even though San Diego is a long ways from North Dakota, his point
2476 about leveraging that resource, I think was made well. And I
2477 also want to associate myself with the fact that I do feel like
2478 there is a greater confidence given recent changes in leadership.

2479 Secretary Perry. Yes, sir.

2480 Mr. Cramer. And I appreciate your attention to that and
2481 your vast knowledge of it, so thank you for that. With that,
2482 I do want to get to the more concerning topic for me and that
2483 is the administration seems to be sort of sliding away from a
2484 commitment to at least if not pilot scale, commercialization gap

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2485 with demonstration projects in the fossil energy R&D,
2486 particularly as it relates to where I think the folks ought to
2487 be and that is carbon capture and utilization and storage of CO2
2488 from coal-fired power plants. Now we know and we appreciate
2489 in North Dakota your role, your agency's role in partnering with
2490 the Energy & Environmental Research Center at the University of
2491 North Dakota and some of our utilities, particularly Minnkota
2492 Power, in looking for some opportunity, testing some opportunity
2493 for Allam cycle or, you know, and some of these technologies that
2494 will bridge, bridge coal, coal's past and coal's future as a clean
2495 resource. But without the gap being filled or at least
2496 supplemented by the taxpayers, I don't know that we can get there,
2497 quite honestly, and yet we need it so badly.

2498 Specifically, the administration's fiscal year 2019 budget
2499 proposal moves away from the research and development of carbon
2500 capture in reducing its R&D roughly 75 percent relative to fiscal
2501 year 2018. And of course both in '17 and '18, the Congress itself
2502 has had to sort of step it up. So given the fossil energy R&D
2503 request as a whole was increased relative to the President's
2504 request of fiscal year 2018, can you explain why the Department
2505 shifted so dramatically from carbon capture R&D?

2506 Secretary Perry. Yes, sir. Here is my observation is that
2507 the fiscal year 2019 budget will not impact the current activities
2508 that the Department has funded up in your part of the world.

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2509 Plain CO2 reduction, Regional Carbon Sequestration Partnership,
2510 that is going to continue on; a feasibility study on the Tundra
2511 project, that one is in that money stream for fiscal year 2019.

2512 The CarbonSAFE, S-A-F-E, activities, those are funded as well.

2513 Additionally, on the carbon capture issue, last year in about
2514 May, I was in China for the Clean Energy Ministerial and we were
2515 able to get CCUS placed into that. Now obviously these are not
2516 dollars that are going to be spent in North Dakota and I understand
2517 that. But I think from the standpoint of the commitment of the
2518 agency to the carbon capture, utilization, sequestration -- and
2519 actually yesterday Chairman Alexander in the Senate was talking
2520 about being able to find obviously using our national labs, using
2521 our universities that we have relationships with a use for carbon
2522 dioxide.

2523 And again there is no eureka moment here, but, you know,
2524 those are the exciting technologies and opportunities that we
2525 think are out there in the future that we are going to be looking
2526 at funding and, you know, I hope you know that our commitment
2527 is very strong to that. Senator Hoeven, my former governor
2528 colleague, he and I talked at some length yesterday about the
2529 opportunities that we can work on together with North Dakota and
2530 DOE.

2531 Mr. Cramer. In my remaining seconds let me, first of all,
2532 strongly encourage you and invite you to North Dakota as it now

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2533 warms up and thaws out to come and see the work at the University
2534 of North Dakota.

2535 Secretary Perry. Yes, sir.

2536 Mr. Cramer. Secondly, I want to ask for your assistance
2537 in advocating with us for a 45Q, you know, the 45Q tax credit
2538 which was slightly, you know, improved in the most recent bill
2539 but not very useful until we reconcile IRS and EPA rules so that
2540 it is more useful for these types of projects. It is essential.

2541 And then there is another credit, the refined coal credit that
2542 I think just has to be extended so we can build this bridge again
2543 between basic research and commercialization. We are at the cusp
2544 and we, you know, run the risk of losing all those opportunities.

2545 As you said, innovation not regulation is our motto. I like
2546 it. Let's live with it. Thank you.

2547 Thank you, Mr. Chairman.

2548 Mr. Olson. Time is expired.

2549 Mr. Green from Texas, 5 minutes for questions. Are you
2550 ready, Mr. Green?

2551 Mr. Green. Yes, Mr. Chairman.

2552 I want to welcome the Secretary. My other job is I am the
2553 ranking member on the Health Subcommittee and we just finished
2554 a hearing upstairs, Mr. Secretary. And you and I have known each
2555 other since we could actually play basketball in the state
2556 capital. I want to thank Chairman Upton and Ranking Member Rush

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2557 for having this hearing today and Secretary Perry for taking the
2558 time to testify with us.

2559 DOE has many important missions in ensuring the adequate
2560 funding for the agencies essential. The President's budget
2561 fiscal year 2019 is a 3.8 cut from the fiscal year 2018 enacted
2562 level. Much of these cuts hit clean energy programs, grid
2563 operations, and next generation energy technologies. I am
2564 concerned that these cuts in these programs could have grave
2565 consequences to the environment at a time when many nuclear plants
2566 are going offline. Currently, there are four planned
2567 deactivation of nuclear plants in Ohio and Pennsylvania which
2568 generate 40 million megawatts of electricity, and PJM, more than
2569 all the power from wind and solar combined in PJM.

2570 FirstEnergy Corporation recently filed a 202 request stating
2571 that immediate aid was needed for all coal and nuclear plants
2572 within PJM, not just their own. I have worked with many of my
2573 colleagues on this committee over the decades to updates to the
2574 Federal Power Act throughout the years including changes to the
2575 section 202(c). The current request concerns me in many ways.

2576 Section 202 has been used in the past for immediate crises from
2577 the California energy crisis in 2000 to the East Coast blackouts
2578 in 2003. The mechanism has historically been used on a short-term
2579 basis.

2580 At a Bloomberg event recently, when asked to define an

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2581 emergency you responded that you flip a light switch on and nothing
2582 happens. I agree with that characterization. Can you elaborate
2583 on that quote and what is in your mind and constitutes an emergency
2584 that justifies the use of 202(c)?

2585 Secretary Perry. Yes, sir. I think the observation is a
2586 very simplistic one that I use, but I think it cut right to the
2587 core. When you have a use for your energy whether it be a Wall
2588 Street financial institution, whether it be at the Federal Reserve
2589 and the computers that are there, whether it is on a military
2590 base to secure this country's liberties and freedoms, or if it
2591 is in your home and you have an all-electric home and it is a
2592 chill factor of minus 20 in the Northeast somewhere and you call
2593 for that power and it is not there that is an emergency.

2594 And that is exactly the point that I was trying to make in
2595 a very simplistic approach, but I think it did make the point
2596 that if you don't have this electricity, if you don't have this
2597 reliable source, then we have a real challenge and a real problem
2598 in this country and that is the reliability and the resiliency
2599 issue of this grid. And being able to guarantee to the American
2600 people that that will be there is one of our roles, you as a United
2601 States Congressman and me as the Secretary of Energy.

2602 So from my perspective, having a diverse portfolio it is
2603 one of the things that we did in your home state over the course
2604 of the, particularly in the 2000s when they deregulated the energy

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2605 market and we had this diverse, we developed more wind energy
2606 than any other state in the nation, the gas that came online,
2607 the other incentives that the state, and I think Mr. Tonko was
2608 talking about giving states some of this responsibility and I
2609 totally agree with that.

2610 But my point is the time for study is over again from my
2611 perspective. We have got to act on this because I don't want
2612 to wake up next winter with a polar vortex that is bigger than
2613 the one that we had before and having taken some nuclear plants
2614 and some coal plants offline and not having that resource, not
2615 having that energy available to protect the citizens' safety
2616 and/or their security.

2617 Mr. Green. Can you elaborate on the potential tools at DOE
2618 you feel could be better suited to securing a valuable
2619 emissions-free nuclear plants, for example?

2620 Secretary Perry. Yes, sir. Well, this one is going to be
2621 a bit of a bank shot, but I think it makes the point, Gene, that
2622 we are in the process of, previous administrations, not just the
2623 last administration but if you go all the way back probably 20-25
2624 years, previous administrations have not put into place, didn't
2625 respect the nuclear power industry. I think they overregulated
2626 them. They put a lot of cost on them through regulations. The
2627 last administration took away our ability to process high-assay
2628 uranium for the purposes of civil nuclear. That was started by

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2629 the administration before the Obama administration but they shut
2630 that down and then the private sector has no place for that fuel.

2631 My point with all of this is we are at a critical place here
2632 today that if we don't send some messages whether it is making
2633 a good agreement with the Saudi Arabians to help them develop
2634 their civil nuclear program so that American contractors are going
2635 to have the supply chain to do that, that our universities don't
2636 have the incentives to put young men and women into the nuclear
2637 engineering field, all of that is going to come to a head and
2638 we are going to be at a critical position and I think it is sooner
2639 than we realize. And if we don't have a civil nuclear program
2640 that is robust, it will soon have an impact on our ability to
2641 keep our weapons programs at the place because we won't have the
2642 intellectual capability coming up through our national labs to
2643 do this. I mean I just think this is, you bring up an incredibly
2644 important issue, Mr. Green.

2645 Mr. Green. Well, reliability is really important, like you
2646 said, when you turn on the light switch and they can't or the
2647 air conditioner or the heater, most of our problems in Texas when
2648 it gets real warm in the summer. Back we were joking yesterday,
2649 without air conditioning and elevators there would not be a
2650 Houston, Texas because of the heat from, literally, 1st of May
2651 to the end of September.

2652 While I disagree with the recent notice of public review

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2653 directed to FERC in the section 202 filing, I do think it is
2654 important we look at planned retirements across the country.
2655 While not rising to the level of immediate emergency, this is
2656 an issue both DOE and Congress should address putting forward.
2657 Obviously in Texas we get, we have two nuclear power plants.
2658 Now we have an abundance of natural gas, and of course producing
2659 more wind power that was created during your administration when
2660 you were governor than any other state in the Union. So, and
2661 hopefully we will do some solar.

2662 But in the Northeast they don't have the ability to that
2663 oftentimes with wind or solar so it is basically older production
2664 whether it be coal or nuclear power. And that is why we need
2665 to see how we can do it because those folks, we don't want those
2666 folks freezing in the dark. But anyway I want to follow what
2667 the Department of Energy does and hopefully our committee will
2668 work with you on making sure that reliability is important, but
2669 we also need to see as best we can how we get it done.

2670 Secretary Perry. Yes, sir.

2671 Mr. Olson. My friend's time is expired.

2672 I will call upon the gentleman from Oklahoma for 5 minutes
2673 for questions.

2674 Mr. Mullin. Man, Texans do stick together. No, I am
2675 kidding. Anyways, hey, thank you, Mr. Chairman.

2676 Mr. Green. Well, Mr. Chairman, Oklahoma also steals

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2677 football players from A&M and University of Texas and my alma
2678 mater University of Houston.

2679 Mr. Mullin. No, we don't steal. We recruit better. I mean
2680 obviously they want to go to, you know, a climate that they can
2681 live in. Anyway, hey, thank you.

2682 And, Secretary Perry, I want to remind you of a time you
2683 met my son in Leader McCarthy's office. My boy wasn't very big
2684 at the time and he was talking to you. He was kind of like most
2685 little boys, he was looking around and you grabbed him by the
2686 shoulders and you set him on the chair and you said, young man,
2687 look at me in the eyes when you talk to me. And I had told my
2688 son that since the day he was born, and I really appreciate that.
2689 That meant a lot.

2690 Secretary Perry. I hope I did it in a very respectful way.

2691 Mr. Mullin. Oh, you did a hundred percent, but that is how
2692 we raise our kids. We are in Oklahoma too, and you look him in
2693 the eye and if he is not looking you in the eye I had probably
2694 thumped him in the head. It is just, that is called respect.

2695 So I appreciate that. That meant a lot to me.

2696 I want to talk to you obviously about Yucca Mountain and
2697 DOE's requirements. Can you summarize DOE's legal requirements
2698 pertaining to Yucca Mountain's licensing application?

2699 Secretary Perry. Yes, sir. This body as authorizers and
2700 the appropriations process has, and I think the President's

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2701 budget, \$110 million for the licensing to go forward. And I look
2702 at that as a way to get, you know, following the law. The law
2703 says that we will do this. There is an additional \$10 million
2704 in that appropriation request for temporary storage as well.

2705 Mr. Mullin. Is DOE required to create the Office of Civil
2706 Radioactive Waste Management to manage all these activities?

2707 Secretary Perry. Yes, by law.

2708 Mr. Mullin. In your last organizational chart for DOE was
2709 this office included in it?

2710 Secretary Perry. I can't answer that. You may know the
2711 answer to that.

2712 Mr. Mullin. Yes, I do, obviously. The answer to that is
2713 no. And as you alluded to a while ago, you are required by law
2714 to have that. Can you explain maybe why it was left out?

2715 Secretary Perry. Well, here would be my stab at that is
2716 that just because it is not named and doesn't have a line item
2717 does not mean that its duties are not covered in the agency.

2718 Mr. Mullin. Do you know who is covering that then? And
2719 I say that because we really aren't seeing any --

2720 Secretary Perry. Can I get back with you and answer these
2721 questions after I have had some time to dig down into it and get
2722 you the proper answers?

2723 Mr. Mullin. Yes, absolutely.

2724 Secretary Perry. Yes.

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2725 Mr. Mullin. Because what I am trying to fish for here is
2726 if it is from the appropriation process, is if that is why the
2727 office isn't manned, if that is why the duties of that office
2728 isn't being done, then for the committee's purpose we need to
2729 know and we need to know what is keeping it from happening. And
2730 like I said, if it is from the appropriation perspective we also
2731 need to know what it is going to take to do that.

2732 I think Mr. Shimkus alluded to how much it was costing the
2733 taxpayers right now just from the lawsuits that are taking place
2734 from the storage that we are supposed to taking care of as the
2735 United States Government and so I want to be able to help you.

2736 I want to work with you on it. So if you could please get back
2737 to my office.

2738 Secretary Perry. Yes, sir.

2739 Mr. Mullin. Let us know how we can help you because that
2740 was really the line of the questions what I was going to, and
2741 I will actually yield back the remainder of my time.

2742 Mr. Olson. Thank you to my friend from Oklahoma.

2743 Mr. Walberg, 5 minutes for questions, sir.

2744 Mr. Walberg. Thank you, Mr. Chairman.

2745 And thank you, Mr. Secretary, for always being open to be
2746 here and answer the questions. Thank you for the energy you put
2747 into being the Secretary of Energy as well. It is encouraging
2748 for those of us in the northern climes to know that that is actually

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2749 happening.

2750 I have the privilege of representing the energy district
2751 of the state of Michigan. Over 30 percent of all energy produced
2752 in Michigan is produced in my district. It is a fleet of
2753 all-of-the-above and some of that fleet sits right on one of the
2754 Great Lakes, Lake Erie, and so we are definitely concerned with
2755 cybersecurity. The challenge is not only that we are able to
2756 turn the lights on at any time but the environmental issues that
2757 go on thinking of the proximity there in the Great Lakes.

2758 You recently formed the new Cybersecurity, Energy Security,
2759 and Emergency Response office. I think that certainly shows,
2760 I believe, that you believe that elevating cybersecurity
2761 functions to a Senate-confirmed assistant secretary level will
2762 help intergovernmental and interagency communications and
2763 multidirectional information sharing with the Department of
2764 Energy's ability to appropriately and quickly address cyber
2765 related emergencies, and I thank you for that.

2766 My concern is the sustainability of the Department of
2767 Energy's leadership on this important issue. Cybersecurity was
2768 not a surpassing concern back in 1977 when the Department was
2769 organized. It certainly is today. In my bill with my colleague
2770 and Ranking Member Rush, H.R. 5174, we specify functions related
2771 to cybersecurity and emergency response that we believe should
2772 be specifically led by a Senate-confirmed assistant secretary.

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2773 Will you work with us to ensure that we can elevate that,
2774 Secretary, to law?

2775 Secretary Perry. Yes, sir.

2776 Mr. Walberg. I appreciate that. Over the past 7 months
2777 you have had a lot of experience in dealing with emergency action
2778 in your Department. During appearances before the committee in
2779 January, your Deputy Secretary and Undersecretary for Energy said
2780 that expectations for DOE's emergency response exceeded its
2781 authorities, if I recollect correctly. From your experience to
2782 date, do you think there may be some additional tools or
2783 authorities DOE could use to help improve the ability of the
2784 agency's deployment of resources in an emergency?

2785 Secretary Perry. Yes, sir. I think it is always a
2786 thoughtful conversation to have to discuss with Congress and other
2787 agencies to make sure, you know, we complement when we need to
2788 complement. But if there is a direct line of authority that it
2789 is very clear, very precise so that no one gets confused about
2790 particularly during an emergency situation who is in charge.

2791 Mr. Walberg. I appreciate that and we would definitely want
2792 to work together with you on that. We want to examine things
2793 like surge funding or some other mechanism to enable DOE to have
2794 access to resources so the Department can respond more rapidly.
2795 So we hope that you can work with us on that.

2796 Secretary Perry. Yes, sir. Thank you.

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2797 Mr. Walberg. Thank you, Mr. Chairman. I yield back.

2798 Mr. Olson. The gentleman yields back.

2799 The gentleman from South Carolina, Mr. Duncan, for 5 minutes.

2800 Mr. Duncan. Thank you, Mr. Chairman.

2801 And, Mr. Secretary, thank you for being here. I just want
2802 to lend my support at the outset here for the Nuclear Waste Policy
2803 Amendments Act that Chairman Shimkus and Markwayne Mullin from
2804 Oklahoma have mentioned. Getting Yucca Mountain back on track
2805 is imperative because we have a lot of waste sitting around this
2806 country and some of that is sitting at a place you visited back
2807 in February.

2808 And I want to thank you for visiting the Savannah River Site
2809 and Savannah River National Laboratory this year. SRS is an
2810 integral part in the Department of Energy's industrial complex
2811 responsible for environmental stewardship and cleanup, waste
2812 management and disposition of nuclear materials, along with a
2813 lot of other missions, ongoing missions that Savannah River Site
2814 has and I thank you for recognizing the important role of SRS
2815 through the DOE's fiscal year 2019 budget. I believe it provided
2816 for about 1.7 billion, 287 million above enacted 2017 levels.

2817 I am on the Cleanup Caucus and we are concerned about
2818 environmental management and cleaning up the tank farms at sites
2819 like Savannah River Site, Hanford, and others. And the South
2820 Carolina Department of Health and Environmental Control describes

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2821 the liquid waste management at SRS as the single greatest
2822 environmental risk in South Carolina. There are more than 30
2823 years of nuclear weapons material that has been produced in South
2824 Carolina sitting in those tank farms and the ongoing environmental
2825 management efforts are there.

2826 We also have the ability through the Defense Waste Processing
2827 Facility at SRS to vitrify that high level nuclear waste, turn
2828 it to glass so that it no longer poses a threat to leakage through
2829 those tanks and into the ground and aquifers. So the DOE's fiscal
2830 year 2019 budget requests an additional 74 million for SRS cleanup
2831 programs from the 2016 levels, emphasis on the liquid tank waste
2832 cleanup project.

2833 What are DOE's top cleanup priorities for the site and how
2834 is your particular attention as Secretary going to facilitate
2835 tangible cleanup progress in South Carolina?

2836 Secretary Perry. Obviously we have a court-mandated
2837 requirement that we are very sensitive to in making sure that
2838 we have the resources to be able to do that. You know, we have
2839 had the discussion substantially over the last year since I have
2840 been at DOE over the issue of how to deal with the plutonium and
2841 clean that up.

2842 While I was out there I saw some good progress that is being
2843 made from the standpoint of the vitrification process that is
2844 going on there and the tanks that are going to be used to store

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2845 that, being able to move the plutonium out of South Carolina.

2846 And we are already doing that with the D&D process, but to get
2847 that substantially more robust to be able to move that waste out
2848 of there on an expedited schedule is obviously high on our priority
2849 list, if not the highest priority there.

2850 Mr. Duncan. Well, I appreciate that, Mr. Secretary. And,
2851 you know, whether it is at Hanford with their waste facility trying
2852 to vitrify the waste that is coming out of their tank farms,
2853 ultimately this high level radioactive waste needs to go to Yucca
2854 Mountain and right now the vitrified waste is sitting on a concrete
2855 slab under a metal building at Savannah River Site. It is
2856 actually down in the concrete as you saw.

2857 Secretary Perry. Yes, sir.

2858 Mr. Duncan. Let me shift gears but stay at Savannah River
2859 Site because we have the MOX facility down there. We are under
2860 obligation under the Non-Proliferation Treaty with countries like
2861 Russia to do something with the nation's plutonium that is coming
2862 out of the nonproliferation aspects and I believe the MOX facility
2863 at SRS is the right thing to do with that plutonium. Currently,
2864 we are committed to rid the world of about, I think, enough
2865 plutonium to make 17,000 nuclear weapons.

2866 So I would love to see the continuation of construction at
2867 the MOX program and eventually completion. We have already spent
2868 a ton of money down there and I truly believe we can bring more

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2869 efficiency to the project and it can be completed in a third of
2870 time and for almost half the additional cost than what the NNSA
2871 predicts. You indicated in your testimony that the 2019 budget
2872 continues termination activities for the MOX but provides 220
2873 million for use toward orderly, safe closure for the project.

2874 What do you envision for the future of this site, the MOX
2875 facility, and if not MOX, what do you determine to be the most
2876 efficient and effective way to remove the plutonium from South
2877 Carolina?

2878 We didn't ask for the plutonium to come there. It is stored
2879 on site. It is not a long-term storage facility. It was brought
2880 there in order to be turned into mixed oxide fuel to be used in
2881 nuclear reactors around the country. That is what the purpose
2882 was.

2883 Secretary Perry. Yes, sir.

2884 Mr. Duncan. We spent a lot of money. Where are we going
2885 from here?

2886 Secretary Perry. Yes, sir. And I will try to be as brief
2887 as I can. The issue on the reason that got started was an
2888 agreement with the Russians. The Russians have unilaterally
2889 walked away from that agreement. They said they would come back
2890 to the table if we met certain requirements and you know what
2891 those are, you know, and they are unacceptable. I mean they are
2892 asking us to do things that this country is not going to do to

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2893 come back and sit down at the table.

2894 So the way I look at that is they have walked away and we
2895 have to look at our options. This is a facility that is obscenely
2896 over budget. And again I don't want to rehash and relitigate
2897 all these numbers, but the fact is there is an alternative and
2898 the alternative is dilute and dispose which we are using now as
2899 a matter of fact shipping plutonium out of South Carolina to WIPP
2900 at this particular point in time. We think that is --

2901 Mr. Duncan. The EPA has said that WIPP is not an acceptable
2902 site. Yucca might be. The thing is, Russia has walked away but
2903 the facts of the matter are we have plutonium sitting in South
2904 Carolina that has come out of that nonproliferation agreement.

2905 WIPP is not going to be ready. Yucca, we are struggling around
2906 here to fund that. MOX is absolutely the right facility and I
2907 would love to sit down with you and talk with you about that at
2908 some point.

2909 Mr. Chairman, thanks for the leniency and I yield back.

2910 Secretary Perry. You are on.

2911 Mr. Olson. The time is expired.

2912 Mr. Long, 5 minutes for questions.

2913 Mr. Long. Thank you, Mr. Chairman.

2914 And thank you, Secretary Perry, for being here today.

2915 Secretary Perry. Yes, sir.

2916 Mr. Long. Texas A&M University, where is that located?

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2917 Secretary Perry. Where is it located?

2918 Mr. Long. Yes.

2919 Mr. Olson. College Station, Texas.

2920 Secretary Perry. It is, some would say that --

2921 Mr. Long. I don't believe I yielded to you, did I?

2922 Secretary Perry. Some would say it is of the epicenter of
2923 the world, but we will just leave it at it is in Brazos County,
2924 Texas.

2925 Mr. Long. College Station, Texas?

2926 Secretary Perry. In the city of College Station.

2927 Mr. Long. And that is the only campus?

2928 Secretary Perry. No, sir. It is the main campus.

2929 There are --

2930 Mr. Long. I didn't ask you about the main campus. I said
2931 where is it located?

2932 Secretary Perry. Oh, it is in College Station, Texas on
2933 Highway 6 and it goes both ways.

2934 Mr. Long. That is the only campus?

2935 Secretary Perry. It is the only main campus.

2936 Mr. Long. Where are the other campuses?

2937 Secretary Perry. The other campuses are --

2938 Mr. Long. Outside of this country, I will cut to the chase.

2939 Secretary Perry. They are in a lot of different places.

2940 John Dalton --

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2941 Mr. Long. Like Qatar?

2942 Secretary Perry. And there is one in the country of Qatar
2943 right out of Doha.

2944 Mr. Long. I was in Qatar 10 days ago.

2945 Secretary Perry. Yes, sir.

2946 Mr. Long. And walked in and they are all Aggie there, trust
2947 me.

2948 Secretary Perry. Sure.

2949 Mr. Long. They are very, very happy with their affiliation
2950 and the students are doing great. Your picture was right there
2951 on the wall as I walked in and they are Aggie through and through.
2952 So I was pleased to see your picture on the wall when we went
2953 in and toured Texas A&M in Qatar just the other day.

2954 Speaking of universities, I would like to speak about another
2955 university. In recent hearings with your senior Department of
2956 Energy leadership I asked about the Department of Energy's support
2957 of the University of Missouri's MURR Nuclear Reactor. The MURR
2958 reactor trains nuclear engineers, some of who are funded through
2959 Department of Energy's Nuclear Energy University Program.

2960 Private companies in coordination with the University are
2961 seeking approval to produce lifesaving medical isotopes in
2962 partnership with the National Nuclear Security Administration,
2963 NNSA. And the University is currently studying a partnership
2964 with the NNSA to convert the reactor to use low-enriched uranium

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2965 instead of highly enriched uranium or HEU. I have got to tell
2966 you I was disappointed to see that the Integrated University
2967 Programs were defunded in your fiscal year 2019 budget, but I
2968 hope you see the value in these activities as we do at the
2969 University of Missouri.

2970 Will you please talk about the importance of our nuclear
2971 research infrastructure and how the Department of Energy supports
2972 this critical work particularly in its university programs?

2973 Secretary Perry. Yes, sir. I think you are making
2974 reference to the research reactor there at the University of
2975 Missouri and it is in medical isotopes and the manufacture of
2976 medical isotopes and there are a number of places across the
2977 country that we are partnering with that. It is for precision
2978 medicine for some of the things that we talked about with Mr.
2979 McNerney. On our ability to practice precision medicine these
2980 facilities are really going to be important.

2981 Mr. Long. They are very important.

2982 Secretary Perry. We want to work with you and --

2983 Mr. Long. All right, thank you. With the ever-increasing
2984 cyber threats to the grid, I am pleased that the steps have been
2985 taken to create CESER, the Office of Cyber-, Energy Security,
2986 and Emergency Response and I look forward to that office getting
2987 up and running. In your opinion, since your confirmation has
2988 the electric grid become more or less responsive to cybersecurity

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2989 threats?

2990 Secretary Perry. Well, I think the threat has increased
2991 but that shouldn't shock anyone. I think the threat potential
2992 is greater today than it was a year ago. Are we more resilient?

2993 I can't answer that with great definition. What I think is that
2994 we are exposed in certain areas. We need to be all hands on deck.

2995 That is the reason we are asking for the cyber office to be stood
2996 up.

2997 With that said, our national labs are making some, I think,
2998 good inroads in both the defensive and offensive ways to deal
2999 with those that would attack our electrical grid.

3000 Mr. Long. Let me ask you one more question and I will be
3001 about out of time at the end of this probably, but the fiscal
3002 year 2019 budget calls for 96 million in funding for the CESER,
3003 or for CESER. Can you explain a little bit about the program
3004 and how this money will be used to ensure we are securing our
3005 grid from the continuous cyber threats that we face?

3006 Secretary Perry. Well, the focus is on the cyber threats
3007 from both state actors, you know, and we are talking about a year
3008 ago, Russia with Petya. We saw the impact on that. We have seen
3009 what has happened in Ukraine with two attacks on their power grid.

3010 The Iranians are who attacked the Aramco Electrical or their
3011 control panels. So nation state attacks are very real. You
3012 know, they are not going to -- as late as this last week we had

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3013 conversations about, you know, what can we expect with the Syrian
3014 issue. Should we be on more heightened alert? And I would
3015 suggest to you yes.

3016 So the issue is this Office of Cybersecurity, our national
3017 labs working with the private sector, working with universities,
3018 I don't think it has ever been more important for us to be able
3019 to maintain the national security of this country relative to
3020 our grid, both as we have talked about at length here today about
3021 the resources to be able to keep the power to that grid, but also
3022 to protect that grid from cyber attacks is as important as it
3023 has ever been in our country's history.

3024 Mr. Long. Thank you. And thanks for being here today.
3025 It has been a long hearing and I am sure you are kind of tired.
3026 And I yield back.

3027 Mr. Olson. Time is expired.

3028 The gentleman from Massachusetts has 5 minutes for
3029 questions, Mr. Kennedy.

3030 Mr. Kennedy. One more to go, Mr. Secretary. Thank you.
3031 Thank you for your patience. Thank you for spending so much
3032 time with us and I will echo the comments of our colleagues, thank
3033 you for being so accessible, grateful that you are here.

3034 As our nation makes the transition from a 20th to 21st century
3035 energy economy we know that innovative sources of power will be
3036 an important part of that generation mix. Wind power is a

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3037 steadily growing portion of the energy sector that provides clean
3038 power to millions of Americans and creates thousands of jobs
3039 across our country. Your home state of Texas, Mr. Secretary,
3040 during your tenure as governor wind power resources and energy
3041 grew by leaps and bounds. It is my understanding that according
3042 to ERCOT, wind made up 17 percent of the fuel mix in 2017.

3043 So I wanted to ask you, I think, a pretty general question
3044 to start. Do you agree, Mr. Secretary, that wind energy is an
3045 important part of our nation's power sector?

3046 Secretary Perry. Yes, sir.

3047 Mr. Kennedy. So despite this growth, and I appreciate the
3048 answer, we have only one offshore wind project coming online in
3049 the United States. Other nations such as the U.K, Germany, and
3050 China have developed these projects in their own waters. My home
3051 state of Massachusetts proposes to be a leader in this effort.

3052 In my district we have made significant investments in Fall River
3053 and in Dartmouth and just across the border, the district in New
3054 Bedford, to become a national leader in offshore wind. Just
3055 recently, the Department of Interior announced proposed sales
3056 of two areas off the coast of Massachusetts to develop offshore
3057 wind.

3058 Yet, unfortunately, Mr. Secretary, America risks being left
3059 behind as our allies and peers lead the growth of an industry
3060 that remains largely dormant here despite the potential to boost

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3061 the economy and create jobs. Even more concerning, I know you
3062 have already touched about this a bit, is this year's budget
3063 request from the Trump administration that included a 72 percent
3064 cut in the DOE Office of Energy Efficiency and Renewable Energy.

3065 I am not going to make you comment on that again. I think
3066 you have been pretty clear about where you stand on that cut.

3067 But I do want to ask you how DOE is going to continue to support
3068 research and development of offshore wind.

3069 Secretary Perry. Mr. Kennedy, we discussed, you know, this
3070 is an industry that is becoming mature. And so the private
3071 sector, the states, if, you know, in my home state one of the
3072 reasons we had that big wind energy growth was that the state
3073 invested in the CREZ lines. You know, we didn't subsidize the
3074 specific projects, but we basically said we are going to build
3075 these lines if you all will commit to building all these farms
3076 out. They did and you know what the results are. So I think
3077 not only the state but the private sector has the place to play
3078 this.

3079 Here is what I will tell you that the DOE is going to continue
3080 to play a role in this, this is important. And again we were
3081 in Livermore this last week and the technology that is coming
3082 out of there, and this is on again rotor technology that makes
3083 these turbines substantially more efficient so that, you know,
3084 then that gets commercialized and goes into the private sector

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3085 where it makes it even more of a commercialized product in the
3086 market and more competitive.

3087 Mr. Kennedy. More viable.

3088 Secretary Perry. So my point is we are going to continue
3089 to be a partner, maybe not as big as we were when wind and solar
3090 was more in its infancy, you know, we are shifting over to
3091 batteries and beyond battery to hydrogen fuels and some of the
3092 more immature but may have great potential energy sources in the
3093 future. So I am a big believer in wind and I hope that
3094 Massachusetts and other states that want to see a diverse
3095 portfolio, you know, I don't think it is a good idea to have Russian
3096 molecules of gas in Boston Harbor. But if you can't get it from
3097 the West you are going to get it from somewhere and I think that
3098 is another debate or discussion that we can have into the future
3099 about how we make sure that this entire country has got an
3100 infrastructure that will allow for all of our citizens to enjoy
3101 this energy revolution that is occurring in America.

3102 Mr. Kennedy. And, Mr. Secretary, I appreciate that. I
3103 would agree with you it obviously gets complex as you try to look
3104 at the local resources and the voices of the local community.

3105 We do have a vibrant local community that is, I think, ready
3106 and willing to make this investment in coordination with our
3107 federal government partners, DOI, DOE, and I would ask just for
3108 you to keep it on your radar and as we to be a partner as we have

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3109 seen and as we saw under your stewardship in Texas to see the
3110 growth of wind industry there. Just to finish this to make
3111 sure that the point is clear and I think it is, in 2017 the Clean
3112 Energy States Alliance, a coalition of state energy agencies,
3113 released three reports on the future of offshore wind in the
3114 Northeast, the reports which were actually partially funded by
3115 DOE that projected that offshore wind projects in the Northeast
3116 have the potential to add more than 35,000 jobs in the region.

3117 My colleagues, Niki Tsongas and Bill Keating, just
3118 introduced a bill that would create a grant program to support
3119 offshore wind job training including partnerships with colleges
3120 and universities and nonprofits and unions and local governments.

3121 Investment in that wind energy is more than just a clean energy
3122 future especially in my district, sir. It represents jobs,
3123 economic development, opportunity, education, and a whole new
3124 industry base and expertise that is homegrown. I know the
3125 DOE mission is to, quote, ensure America's energy security and
3126 prosperity by addressing its energy, environmental, and nuclear
3127 challenges through transformative science and technological
3128 solutions. So I would hope that you would continue to focus on
3129 how we can partner with you, understanding there has got to be
3130 a private sector component to this and a state component to this.

3131 Secretary Perry. Yes, sir.

3132 Mr. Kennedy. But I think we have seen there is a willingness

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3133 to do so and we are going to need your help.

3134 Secretary Perry. And, Mr. Kennedy, one of the things that
3135 I will offer you and to make the introduction, the university
3136 in Texas that probably has as good of wind energy history and
3137 experience and expertise is Texas Tech in Lubbock, Texas. And,
3138 you know, getting the states to work with each other that may
3139 be a great opportunity. There used to be a real good Boston to
3140 Austin connectivity so Boston to Lubbock might be okay too.

3141 Mr. Kennedy. I appreciate that, sir. As long as we aren't
3142 talking football we are in good shape.

3143 Secretary Perry. Yes, sir.

3144 Mr. Kennedy. Thank you, sir.

3145 Mr. Olson. Time has expired.

3146 Seeing that no further members wishing to ask questions,
3147 I would like to thank Secretary Perry for coming this afternoon.

3148 And I trust, sir, that the proceedings you talked with before
3149 did not happen here today. You know what I am talking about,
3150 correct?

3151 Secretary Perry. That is correct.

3152 Mr. Olson. And you are cleared now to depart the pattern
3153 with a proud, loud Aggie whoo.

3154 And before we conclude I would like to ask unanimous consent
3155 to submit the following documents for the record: Letters from
3156 the Utilities Technology Council; a statement from the R Street

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3157 Institute; three letters to the President from Members of
3158 Congress; a letter to the President from the International
3159 Brotherhood of Teamsters; a letter to the President from United
3160 Mine Workers of America; a letter to the President from the
3161 International Brotherhood of Boilermakers, Iron Shipbuilders,
3162 Blacksmiths, and Forgers and Helpers; a letter to the President
3163 from the Utility Workers Union of America; a letter to Secretary
3164 Perry from the Energy Industry Trade Association; a letter to
3165 Secretary Perry from the Pennsylvania Public Utility Commission;
3166 a letter to Secretary Perry from the FirstEnergy; a response
3167 letter from PJM to Secretary Perry; a letter from NEI to Chairman
3168 Walden.

3169 Without objection, so ordered.

3170 [The information follows:]

3171

3172 *****INSERT 5*****

3173 Mr. Olson. Pursuant to committee rules, I remind members
3174 that they have 10 business days to submit additional questions
3175 for the record and ask that the witnesses submit their response
3176 within 10 business days upon receipt of the questions. Without
3177 objection, the subcommittee is adjourned.

3178 [Whereupon, at 1:21 p.m., the subcommittee was adjourned.]