

ONE HUNDRED FIFTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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MEMORANDUM

January 6, 2018

To: Subcommittee on Energy Democratic Members and Staff

Fr: Committee on Energy and Commerce Democratic Staff

Re: Hearing on “DOE Modernization: Advancing DOE’s Mission for National, Economic, and Energy Security of the United States”

On **Tuesday, January 9, 2018 at 10:00 a.m. in room 2123 of the Rayburn House Office Building**, the Subcommittee will hold a hearing titled “DOE Modernization: Advancing DOE’s Mission for National, Economic, and Energy Security of the United States.”

I. BACKGROUND

The U.S. Department of Energy (DOE) was created in 1977, largely in response to the oil embargo that began in 1973. Prior to DOE’s establishment, the nation’s energy programs were housed in various agencies and departments throughout the federal government.¹ The Department of Energy Organization Act combined the policy and regulatory functions of the Federal Energy Administration with the energy supply, demand technology, and nuclear weapons functions of the Energy Research and Development Administration.² In addition, the Department absorbed energy programs from other federal agencies, including the National Laboratories, which were originally part of the Atomic Energy Commission.³

¹ U.S. Department of Energy, A Brief History of the Department of Energy (<https://energy.gov/management/office-management/operational-management/history/brief-history-department-energy>).

² Department of Energy Organization Act of 1977, Pub. L. No. 95-91.

³ Congressional Research Service, *Department of Energy: Programs and Reorganization Proposals* (Oct. 28, 1999) (<http://www.crs.gov/Reports/pdf/RL30307?source=search&guid=9d8f5dd414f84b57841e3d0aeeb99302&index=0>).

Over the years, DOE's mission has developed to cover three separate and distinct areas: energy policy, research and development, and nuclear weapons programs. Additionally, DOE oversees the provision of power to certain regions of the country through its management of four federal power marketing administrations.

In December 2017, Secretary of Energy Rick Perry announced a reorganization of the Department into the Office of the Under Secretary for Nuclear Security and National Nuclear Security Administration (NNSA), the Office of the Under Secretary for Science, and the Office of the Under Secretary of Energy.⁴ Prior to the reorganization, one Under Secretary bore responsibility for both Science and Energy. Additionally, Secretary Perry's reorganization eliminated the position of Under Secretary for Management and Performance, transferring that office's portfolio to the Deputy Secretary.⁵

NNSA is responsible for managing the nation's nuclear development and security programs. NNSA is a semi-autonomous agency within DOE that maintains the nation's nuclear stockpile, leads international nonproliferation efforts, promotes counter-terrorism and counter-proliferation, and responds to nuclear emergencies.⁶ Currently, the Office of the Under Secretary of Energy oversees a range of federal energy programs, including energy efficiency, renewable energy, nuclear energy, electricity delivery and energy reliability, and the agency's loan program for promoting technological innovation and commercialization.⁷ The Office of the Under Secretary for Science manages DOE's research and development activities, including the National Laboratories and, as of December 2017, the Department's Environmental Management office. There are other, additional entities throughout DOE ranging from the Energy Information Administration to the power marketing administrations to auxiliary offices which provide support for the Department and report directly to the Secretary and Deputy Secretary.⁸

⁴ U.S. Department of Energy, *DOE Announces Plan to Modernize Department* (<https://energy.gov/lm/articles/doe-announces-plan-modernize-department>) (accessed Jan. 4, 2018).

⁵ *Id.*

⁶ National Nuclear Security Administration, *Our Operations* (<https://nnsa.energy.gov/aboutus/ouoperations>) (accessed Jan. 4, 2018).

⁷ See note 4.

⁸ *Id.*

II. DEPARTMENT OF ENERGY BUDGET

DOE is currently operating at Fiscal Year (FY) 2017 levels pursuant to the Continuing Resolution that became law on December 22, 2017 and was passed as part of H.R. 1370, the Department of Homeland Security Blue Campaign Authorization Act of 2017.

The President's FY 2018 budget requested \$28 billion for DOE⁹ - a \$2.7 billion decrease from the FY 2017 enacted amount.¹⁰ The proposed budget included drastic cuts in clean energy programs, electric grid operations and next-generation energy technologies.¹¹

Under the President's budget, the Offices of Science, Energy Efficiency and Renewable Energy (EERE), Nuclear Energy (NE), Electricity Delivery and Energy Reliability (OE) and Fossil Energy would receive reduced funding. The budget would also reduce the Office of Science by \$919 million from FY 2017 enacted levels. EERE would receive only 30 percent of FY 2017 levels, a \$1.4 billion cut.¹² The budget proposed eliminating two programs within EERE: the Weatherization Assistance Program and State Energy Program. NE would receive \$281.3 million less than FY 2017 levels. OE would be cut by \$85.6 million.

The budget request also proposed eliminating funding for the Title XVII Loan Program and the Advanced Technology Vehicles Manufacturing Loan Program. DOE would continue to manage the existing loan portfolio and unobligated balances while offsetting fees collected from borrowers would support the administrative functions of the programs.¹³

III. DOE REFORM AND REAUTHORIZATION EFFORTS

The Congressional Budget Office (CBO) has identified 111 programs with expired authorizations across all of DOE's functions.¹⁴ While DOE administers many programs, most of

⁹ Executive Office of the President, *Budget of the U.S. Government – A New Foundation for American Greatness – Fiscal Year 2018* (May 23, 2017) (<https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/budget.pdf>).

¹⁰ Congressional Research Service, *CRS Insight - The President's FY2018 Budget Request for the Department of Energy* (Jun. 5, 2017) (<http://www.crs.gov/Reports/IN10673?source=search&guid=b3c1f5235d9e4e2aa4cd9b25bd452843&index=2>).

¹¹ U.S. Department of Energy, *FY 2018 Congressional Budget Request – Budget in Brief* (May 23, 2017) (energy.gov/sites/prod/files/2017/05/f34/FY2018BudgetinBrief_3.pdf).

¹² U.S. Department of Energy, *FY 2018 Budget Request Fact Sheet* (May 23, 2017) (energy.gov/sites/prod/files/2017/05/f34/DOEFY2018BudgetFactSheet.pdf).

¹³ See note 10.

¹⁴ Congressional Budget Office, *Expired and Expiring Authorizations of Appropriations* (Jan. 13, 2017) (<https://www.cbo.gov/sites/default/files/115th-congress-2017-2018/reports/52368-eeaahouse.pdf>).

them, with few exceptions like its energy efficiency program and environmental management functions, are not regulatory in nature.

The Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007 provided significant programmatic changes to DOE. These laws shaped DOE's modern approach to a variety of issues such as: alternative fuels, electric vehicle research, renewable energy innovation, climate change, energy assistance programs and energy efficiency. Many of the programs responsible for addressing these issues have expiring authorizations.¹⁵

In February 2017, Chairman Walden announced that Rep. Barton would lead the Committee's DOE reauthorization and comprehensive review efforts. Chairman Walden has expressed interest in addressing "regulatory creep," which he said "can result in too much regulation when legislation hasn't changed and technology has advanced in the industries monitored by federal agencies."¹⁶

IV. WITNESSES

The following witnesses have been invited to testify:

Panel I

Dan Brouillette

Deputy Secretary
Department of Energy

Mark Menezes

Under Secretary of Energy
Department of Energy

Frank Klotz

Under Secretary for Nuclear Security
Administrator, National Nuclear Security Administration
Department of Energy

Paul Dabbar

Under Secretary for Science
Department of Energy

¹⁵ *Id.*

¹⁶ 'Broader look' at reauthorization may involve EPA — Barton, E&E News (Sep. 28, 2017).

Panel II

Sarah Ladislaw

Director and Senior Fellow, Energy and National Security Program
Center for Strategic and International Studies

Donald Levy

Professor Emeritus, University of Chicago
Co-Chair of the Panel to Track and Assess Governance and Management Reform in the
Nuclear Security Enterprise, National Academy of Sciences

Rich Powell

Executive Director
Clear Path Action

Dan Reicher

Executive Director
Stanford University Steyer-Taylor Center for Energy Policy and Finance

Dr. Steve Wasserman

Senior Research Fellow
Eli Lilly and Company

Dr. Thomas Zacharia

Director
Oak Ridge National Laboratory