

ONE HUNDRED FIFTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
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WASHINGTON, DC 20515-6115

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**MEMORANDUM**

**April 10, 2018**

**To: Subcommittee on Energy Democratic Members and Staff**  
**Fr: Committee on Energy and Commerce Democratic Staff**  
**Re: Hearing on “The Fiscal Year 2019 Department of Energy Budget”**

On **Thursday, April 12, 2018, at 10:00 a.m. in room 2123 of the Rayburn House Office Building**, the Subcommittee on Energy will hold a hearing on “The Fiscal Year 2019 Department of Energy Budget.” Secretary of Energy Rick Perry will be the sole witness.

**I. DEPARTMENT OF ENERGY FISCAL YEAR 2019 BUDGET**

The President’s Fiscal Year (FY) 2019 budget requests \$30.7 billion for the Department of Energy (DOE), which represents a \$3.8 billion decrease from the FY 2018 enacted level. Among the decreases in DOE’s proposed budget are drastic cuts in federal investments in promoting clean energy programs, power grid operations and next-generation energy technologies.<sup>1</sup>

The budget request divides the Office of Electricity Delivery and Energy Reliability into two offices: Electricity Delivery and a new Office of Cyber Security, Energy Security, and Emergency Response (CESER). The proposal reduces total funding for these offices by \$91 million.<sup>2</sup>

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<sup>1</sup> Department of Energy, FY 2019 Congressional Budget Request – Budget in Brief, (Apr. 4, 2018) ([www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief\\_0.pdf](http://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief_0.pdf)); All budget information for FY 2018 enacted levels in this memorandum taken from the text of the Consolidated Appropriations Act, 2018, Pub. L. No. 115-141.

<sup>2</sup> Congressional Research Service, *The President’s FY2019 Budget Request for the Department of Energy* (Mar. 9, 2018) (IN10868).

The budget would cut the Office of Energy Efficiency and Renewable Energy (EERE) by 70 percent from FY 2018 levels. Appropriations for FY 2019 would drop to \$696 million from the FY 2018 level of \$2.3 billion.<sup>3</sup> More than \$600 million of the reduction in EERE funding would come from energy efficiency programs.<sup>4</sup>

The budget provides \$5.4 billion for DOE's Office of Science, which funds the operations of 17 national laboratories, a cut of \$869 million from the FY 2018 enacted level. The proposal would eliminate the Advanced Research Programs Agency-Energy (ARPA-E) in FY 2019.<sup>5</sup> ARPA-E is the largest federally-funded investment in clean energy research and development (R&D). The program funds innovative but riskier energy technologies.

Additionally, the DOE budget:

- cuts Energy Storage programs by 80 percent, from \$41 million to \$8 million;
- eliminates the Title XVII loan guarantee program for innovative energy technologies;
- eliminates the Advanced Technology Vehicles Manufacturing (ATVM) Loan Program;
- reduces funding for clean energy transmission and reliability from \$39 million to \$13 million; and
- decreases smart grid R&D from \$38 million to \$10 million.<sup>6</sup>

With regard to DOE's defense-related programs, the budget proposal requests \$15.1 billion for the National Nuclear Security Administration (NNSA), a \$422 million increase from the FY 2018 level, to support DOE's nuclear security responsibilities. The request includes funding to maintain a safe, secure and effective nuclear deterrent without testing, including life extension programs for major weapons systems and modernization of the Nation's research and production infrastructure.<sup>7</sup>

The budget proposal also includes \$1.86 billion for Defense Nuclear Nonproliferation, \$136 million below the FY 2018 level. This program is designed to continue missions across the entire nuclear threat spectrum. The request includes \$220 million to eliminate the Mixed Oxide (MOX) Fuel Fabrication Facility and \$59 million to pursue the "dilute and dispose method" as an alternative to MOX for disposing of weapons-grade plutonium. There is also \$1.8 billion to

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<sup>3</sup> Department of Energy, FY 2019 Congressional Budget Request – Budget in Brief, (Apr. 4, 2018) ([www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief\\_0.pdf](http://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief_0.pdf)).

<sup>4</sup> Congressional Research Service, *The President's FY2019 Budget Request for the Department of Energy* (Mar. 9, 2018) (IN10868).

<sup>5</sup> Department of Energy, FY 2019 Congressional Budget Request – Budget in Brief, (Apr. 4, 2018) ([www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief\\_0.pdf](http://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief_0.pdf)).

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

support the current fleet and to create the future fleet of Naval Reactors, an increase of \$169 million above the FY 2018 level.<sup>8</sup>

A table comparing DOE's recent enacted appropriations with the Administration's FY 2019 proposal is included as an addendum at the end of this memo. The following sections provide additional information on important aspects of DOE's proposed budget for FY 2019.

### **A. Cybersecurity**

As stated above, DOE announced the establishment of a new cybersecurity office, CESER. CESER would be headed by an Assistant Secretary, and would be responsible for protecting the nation's energy infrastructure "from cyber threats, physical attack and natural disaster."<sup>9</sup> The FY 2019 request for this office is \$96 million.<sup>10</sup>

The new CESER office would include two major programs: Cybersecurity for Energy Delivery Systems (CEDS) and the Infrastructure Security and Energy Restoration (ISER). CEDS's mission is to mitigate the risk of energy disruptions caused by cyber events through both near- and long-term initiatives. CEDS would focus on accelerating the speed and effectiveness of cyber risks and vulnerability sharing by partnering with industry to create a nationwide cyber supply chain capability analysis, and by expediting game-changing research and development advances.<sup>11</sup> The ISER program would coordinate a nationwide initiative to safeguard energy infrastructure from disruptions by supporting a regional voluntary delivery model. ISER would increase outreach to state, local, tribal, and territorial partners to make sure their energy assurance plans include integrated information sharing initiatives and align with activities undertaken by the energy industry sector.<sup>12</sup>

### **B. Energy Efficiency and Renewable Energy**

EERE supports the development of energy technologies for a clean energy economy. EERE initiatives cover three key sectors: energy efficiency, renewable energy, and vehicle technology. EERE also manages the National Renewable Energy Laboratory (NREL), the only national laboratory dedicated to the research, development, and deployment of renewable energy

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<sup>8</sup> *Id.*

<sup>9</sup> Department of Energy, FY 2019 Congressional Budget Request – Volume 3 Part 1 (Mar. 2018) ([www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-Volume-3-Part-1\\_0.pdf](http://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-Volume-3-Part-1_0.pdf)).

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

and energy efficiency technologies. With \$12 billion of taxpayer investment, EERE programs have yielded an annual return greater than 20 percent and a net benefit of \$230 billion.<sup>13</sup>

The Administration's FY 2019 budget request decreases funding for EERE programs by 70 percent compared to FY 2018 enacted levels, and completely eliminates two critical programs: the Weatherization Assistance Program and the State Energy Program.<sup>14</sup> Notwithstanding the proposed decreased funding in the FY 2019 budget request, the FY 2018 Consolidated Appropriations Act allocated an additional \$230 million for EERE compared to FY 2017 enacted levels, signaling Congress' strong approval of the Office's programs.<sup>15</sup>

EERE is responsible for promulgating efficiency standards for consumer and other products. However, DOE failed to review and submit energy efficiency standards to the Federal Register for various home appliances and industrial equipment within the 45-day window established by the Department's Error Correction Rule. On February 15, 2018, a United States District Judge ordered DOE to publish four outstanding energy efficiency standards within 28 days of the ruling. On March 6, 2018, the Trump Administration filed a motion for a stay of the court's order pending an appeal.<sup>16</sup> According to DOE estimates, the delayed standards would save consumers approximately \$8 billion over a 30-year period.<sup>17</sup>

### **C. Nuclear Legacy Waste Cleanup**

DOE's Office of Environmental Management is responsible for remediating nuclear waste created by government-sponsored nuclear energy research and nuclear weapon production and development. The FY 2019 budget request includes \$6.6 billion for Environmental Management, a \$525 million decrease from the FY 2018 enacted level. These funds are used by DOE to address its cleanup responsibilities for large quantities of liquid radioactive waste, spent nuclear fuel, contaminated soil and ground water, and the deactivation and decommissioning of excess facilities used by the nation's nuclear weapons program. DOE's Office of Environmental Management is actively cleaning up 16 sites in 11 states.<sup>18</sup>

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<sup>13</sup> Department of Energy, *About the Office of Energy Efficiency and Renewable Energy* ([www.energy.gov/eere/about-office-energy-efficiency-and-renewable-energy](http://www.energy.gov/eere/about-office-energy-efficiency-and-renewable-energy)) (accessed Apr. 5, 2018).

<sup>14</sup> Department of Energy, FY 2019 Congressional Budget Request, Volume 3 Part 2 (Mar. 2018) ([www.energy.gov/sites/prod/files/2018/03/f49/FY-2019-Volume-3-Part-2.pdf](http://www.energy.gov/sites/prod/files/2018/03/f49/FY-2019-Volume-3-Part-2.pdf)).

<sup>15</sup> Consolidated Appropriations Act, 2018, Pub. L. No. 115-141.

<sup>16</sup> Defendants' Administrative Motion for a Stay Pending Appeal, (Mar. 6, 2018), *Natural Resources Defense Council, Inc., et al. v. James R. Perry, et al.*, D.D.C. (No. 3:17 CV 03404).

<sup>17</sup> *Natural Resources Defense Council, Inc., et al. v. James R. Perry, et al.*, No. 17-cv-03406-VC (N.D. Cal. Feb. 15, 2018) (order denying defendant's motions to dismiss and granting plaintiffs' motions for summary judgement).

<sup>18</sup> Department of Energy, FY 2019 Congressional Budget Request – Budget in Brief, (Apr. 4, 2018) ([www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief\\_0.pdf](http://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief_0.pdf)).

In addition, the budget request includes \$120 million for the Yucca Mountain and Interim Storage programs. This funding would be used to resume the licensing process of the geologic repository for high-level nuclear waste and to initiate an interim storage program. The FY 2018 Consolidated Appropriations Act did not include funds for either program.<sup>19</sup>

#### **D. Power Marketing Administrations**

DOE oversees four Power Marketing Administrations (PMAs) that sell electricity generated by federally-owned hydropower assets. The budget request directs the Federal government to sell the transmission assets of the Southwestern Power Administration, Western Area Power Administration (WAPA), and Bonneville Power Administration. The request also includes a legislative proposal requiring all four PMAs to change their rate structure from simple cost recovery to a market-based structure that takes into consideration rates charged by comparable utilities.<sup>20</sup> The budget request includes a proposal to repeal the borrowing authority managed by WAPA's Transmission Infrastructure Program, which provides financing to facilitate the delivery of renewable energy resources.<sup>21</sup>

### **II. DOE REORGANIZATION**

In December 2017, Secretary Perry announced a reorganization of the Department into the Office of the Under Secretary for Nuclear Security and National Nuclear Security Administration, the Office of the Under Secretary for Science, and the Office of the Under Secretary of Energy.<sup>22</sup> Prior to the reorganization, one Under Secretary bore responsibility for both Science and Energy. The reorganization also eliminated the position of Under Secretary for Management and Performance, transferring that office's portfolio to the Deputy Secretary.<sup>23</sup>

### **III. WITNESS**

The following witness has been invited to testify:

**The Honorable Rick Perry**  
Secretary  
United States Department of Energy

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<sup>19</sup> Consolidated Appropriations Act, 2018, Pub. L. No. 115-141.

<sup>20</sup> Department of Energy, FY 2019 Congressional Budget Request – Budget in Brief, (Apr. 4, 2018) ([www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief\\_0.pdf](http://www.energy.gov/sites/prod/files/2018/03/f49/DOE-FY2019-Budget-in-Brief_0.pdf)).

<sup>21</sup> *Id.*

<sup>22</sup> Department of Energy, *DOE Announces Plan to Modernize Department* ([energy.gov/lm/articles/doe-announces-plan-modernize-department](http://energy.gov/lm/articles/doe-announces-plan-modernize-department)) (accessed Jan. 4, 2018).

<sup>23</sup> *Id.*