

OPENING STATEMENT

**The Honorable Rodney P. Frelinghuysen
Chairman, Energy and Water Development Subcommittee
House Committee on Appropriations
Department of Energy Fiscal Year 2013 Budget Request
February 28, 2012**

I would like to call this hearing to order. Good morning, everyone. Secretary Chu, I'd like to welcome you back, once again, to the subcommittee. You're here today to present, and explain, the Administration's fiscal year 2013 budget request for the Department of Energy.

Your request totals \$27.2 billion, a \$1.5 billion, or **5.7%**, increase from the fiscal year 2012 enacted level. Nearly 1/3 of that increase comes in one program – Energy Efficiency and Renewable Energy. Your request is painfully thin on specifics for this increase, and we will need to know why this funding is both necessary and a prudent use of taxpayer resources.

And, given that consumers are angered by higher gas and oil prices, and one major energy source, fossil energy, is substantially cut from last year, how does your budget relate to the real world outside of Washington where energy costs are eating up family budgets?

On top of that reality, the public's faith has been shaken by revelations that many programs under your jurisdiction have wasted taxpayer dollars and created markets for various renewables that cannot be sustained without further infusions of federal support. Artificial markets, plus the reality of wasted dollars, are not a happy situation in the real economy which exists outside this city.

We know all too well the problems the loan guarantee program has faced so far. Solyndra has become its public face. We don't know what will be the next shoe to fall, but we have great reason to be concerned. Back home, many people are frankly disgusted that these investments of taxpayer dollars have been wasted. They now seriously question the proper government role in energy markets and the levels of risk you, and those subordinate to you, have taken over the past two years.

The Allison Report on the Loan Guarantee Program noted that the failure rate of the program to date has been less than some had projected. While I respect the expertise and judgment of Mr. Allison and the need to do political damage control, all loan guarantee opportunities, for whatever purpose, will now be painted with the same brush. The loss of public confidence is difficult to calculate! Are there lessons you've learned?

Energy projects fail in the marketplace – we know that. But if political directives were behind any project's selection, then our fears have been justified. You may have seen a report by The Washington Post on February 14th which alleged that as much as \$3.9 billion of your funds may have been improperly influenced by appointees. Now the White House must show that the election year is not dictating this budget's spending plans.

I would put Yucca Mountain in the same box. The Administration has tried to kill this project, wasting billions of dollars, to accommodate Senator Reid, not on any sound scientific grounds – which you yourself have said, Secretary Chu. Now, your budget request contains funding for projects to implement some of the Blue Ribbon Commission’s recommendations – recommendations which Congress has not blessed, either in whole or in part. As the current law of the land is for waste disposal at Yucca Mountain, we need to hear from you if the Administration is proposing any legislative changes to authorize their recommendations.

On a more positive note, you made some tough decisions to support the nuclear security programs at the NNSA, decisions which this country has been demanding for some time. Nuclear security programs are the most vital mission within your portfolio. While I have significant concerns about the Administration’s call for reduced military spending, we showed last year that our national security can be sustained, and even improved, with less money. And, it will be the Administration’s task to show that your FY2013 request does not sacrifice our strategic security for budgetary savings.

And, together, the Administration and Congress supported small nuclear reactors, another positive development as was the recent groundbreaking of 2 new nuclear reactors in Georgia.

Mr. Secretary, last year we wrestled with how to put together a budget for your Department that was fair and balanced. I was proud of our product, and I want to thank my ranking member once again for his many contributions: His sound advice, experience and institutional memory. Our joint task this budget cycle is no different: funding the right balance of investments for our most critical needs, with an eye towards those that protect our nation and that create private sector jobs – SUSTAINABLE JOBS and opportunities, not jobs which rely on government largesse. I hope you will be able to explain today how the budget request before us does just that.

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