

August 25, 2023

Taxpayers for Common Sense
651 Pennsylvania Ave, SE
Washington, D.C. 20003



Kelly Cummins
Acting Director
Department of Energy
Office of Clean Energy Demonstration
1000 Independence Ave SW
Washington, DC 20585

Subject: Request for Information on Oversight of CCS Demonstration Projects

Dear Acting Director Cummins,

On behalf of Taxpayers for Common Sense, an organization dedicated to promoting transparency and fiscal responsibility in government programs, we are writing to request a meeting to discuss crucial information regarding the Department of Energy's (DOE) oversight of carbon capture and storage (CCS) demonstration projects. Given the significant financial commitments and potential environmental impact of these initiatives, it is crucial to ensure proper oversight and adherence to financial best practices to protect taxpayer funds and achieve successful outcomes.

The use of CCS technologies has the potential to combat global climate change, but its implementation has proven to be challenging. To overcome this challenge, the DOE has funded three rounds of Clean Coal Power Initiative (CCPI) and various Industrial CCS (ICCS) projects. However, an examination by the Government Accountability Office (GAO) revealed that out of 11 large-scale demonstration projects funded by the DOE over the past decade, only three, including one focused on coal, were actually built. As the DOE and Congress consider further investment in CCS demonstration projects, it is essential to learn from past experiences to minimize risks to future projects and taxpayer funds.

According to the GAO, the DOE's decision to fully commit to coal CCS projects upon selection and expedite cooperative agreement negotiations increased the likelihood of funding projects that were unlikely to succeed. Additionally, the DOE amplified risks by bypassing cost controls designed to limit the government's financial exposure on coal CCS projects. When these projects struggled to meet performance milestones, the DOE amended the terms of cooperative agreements, shifted funds to earlier phases, and accelerated disbursement of funds, putting more federal funds at risk.

In light of these challenges and to improve the selection process for CCS projects, we would like to inquire about the new measures taken by the DOE to reduce risk exposure, including the incorporation of a down-selection procedure—a two-step process of selecting projects for initial funding and review, followed by the selection of a subset of those projects for full funding and implementation. We are particularly interested in understanding how these revisions have improved the DOE's ability to select and negotiate projects that are more likely to succeed.

Additionally, we would like to inquire about the DOE's adherence to the financial assistance principles outlined in the DOE's Guide to Financial Assistance. Specifically, we are interested in knowing how the

DOE plans to consistently manage CCS projects against established scopes, schedules, and budgets to limit its financial exposure effectively. Given the risks associated with these projects and the significant investment of taxpayer funds, it is essential that financial controls are in place to mitigate any potential financial burdens.

We would also like to learn about any other actions taken by the new DOE Office of Clean Energy, established to administer various clean energy demonstration projects, including CCS projects, receiving funds from the Infrastructure, Investment and Jobs Act (IIJA), to reduce risk exposure to taxpayers.

To facilitate our evaluation and analysis, we kindly request the following information:

1. Details on the DOE's revised selection process for CCS projects, including the incorporation of a down-selection procedure and the specific measures taken to allow adequate time for negotiations.
2. Documentation or reports demonstrating the DOE's adherence to financial assistance principles outlined in the DOE's Guide to Financial Assistance, particularly in terms of managing projects against established scopes, schedules, and budgets.
3. Any evaluations, assessments, or lessons learned from past CCS projects that have influenced the DOE's management practices and decision-making regarding future projects.
4. Any plans or proposals to implement a congressional mechanism to provide greater oversight and accountability of DOE CCS demonstration project expenditures, including regular reporting on project funding and status.

We urge the Department of Energy to provide the requested information and take appropriate actions to address the concerns raised regarding the oversight of CCS demonstration projects. Transparent and accountable management of taxpayer funds is essential to ensure the success and viability of CCS initiatives while minimizing financial risks.

By implementing robust selection processes, adhering to financial assistance principles, and incorporating effective oversight mechanisms, the DOE can enhance the likelihood of selecting and supporting projects that deliver meaningful results in combating climate change. We appreciate your attention to these matters and request a meeting at your earliest convenience to discuss them further.

We kindly request a response within 30 days of receiving this letter. If you require any clarification or have any questions, please do not hesitate to contact us. We appreciate your attention to this matter and look forward to your prompt response.

Sincerely,



Stephen Ellis
President