

August 4, 2023

Jigar Shah
Director
Loan Programs Office
Department of Energy
1000 Independence Ave SW
Washington, DC 20585

Subject: Request for Information on Management of Title XVII Innovative Clean Energy Loan Guarantee Program and the Carbon Dioxide Transportation Infrastructure Finance and Innovation (CIFIA) Program

Dear Mr. Shah,

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 important matters related to the Department of Energy's (DOE) management of the Title XVII Innovative Clean Energy Loan Guarantee Program and the Carbon Dioxide Transportation Infrastructure Finance and Innovation (CIFIA) program. 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 Inflation Reduction Act (IRA) has substantially increased the authority of the DOE Loan Programs Office, providing a total loan guarantee authority of nearly \$412 billion, part of which will be available to commercial CCS projects. Additionally, the Infrastructure Investment and Jobs Act (IIJA) has created new opportunities for taxpayer-backed financing, allocating an additional \$2.1 billion in funding for large common carrier carbon dioxide transport infrastructure projects. These projects can utilize pipelines, shipping, rail, or other suitable methods to offer non-discriminatory CO2 transportation services to the public, governed by fair and reasonable rates and terms.

However, we have raised concerns about the Title XVII loan guarantee program's track record of financial losses and delays on past projects, such as those committed to uranium enrichment and nuclear reactors, and advanced fossil fuel projects which have cost tied taxpayers dollars to high-risk, capital-intensive projects that face substantial cost overruns and delays and rarely led to project completion.

FutureGen, though not a loan guarantee recipient, received DOE funding to demonstrate the capture and sequestration of waste carbon dioxide from a coal-fired power plant. The captured CO2 was intended to be transported via pipelines and stored in underground saline formations located approximately 30 miles away. The estimated cost of the project was \$1.65 billion, with \$1.0 billion allocated by the federal government. FutureGen was a high-risk, capital-intensive project, as are many other large-scale CCS projects. And despite generous DOE funding, the project went through restructuring, cancellation, relocation, and eventual restart, before finally getting suspended in February 2015.

More recently, the DOE issued up to \$12 billion in loan guarantees to support the construction of Vogtle Units 3 and 4 at the Alvin W. Vogtle Electric Generating site in Waynesboro, Georgia. Regrettably, Vogtle encountered substantial cost overruns and schedule delays, and the contractor, Westinghouse Electric Company, filed for bankruptcy in March 2017, adding further financial liabilities.

In light of these developments, we kindly request detailed information on the Department's current oversight mechanisms, risk management strategies, and measures to ensure the responsible guarantee of loans within the Title XVII Innovative Clean Energy Loan Guarantee Program, as well as the allocation of funds within the Carbon Dioxide Transportation Infrastructure Finance and Innovation (CIFIA) program. Additionally, we seek clarification on the steps taken to address the issues with failed projects and the significant losses associated with them.

We urge the Department of Energy to provide the requested information and take appropriate actions to address the concerns raised regarding the management of the Title XVII Program and CIFIA program. 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 risk management and oversight mechanisms, the DOE can enhance the likelihood of selecting and financing projects that deliver meaningful results in combating climate change. We appreciate your attention to these matters and would be grateful for the opportunity to meet and discuss them further.

We kindly request your availability for a meeting within the next 30 days to address these critical issues. If you require any clarification or have any questions, please do not hesitate to contact us. We look forward to your prompt response and the possibility of scheduling a meeting to promote transparency and fiscal responsibility in these vital programs.

Thank you for your attention to this matter.

Sincerely,

Stephen Ellis
President