



STATEMENT OF CONGRESSMAN ED PASTOR
Subcommittee Markup: Fiscal Year 2011 Energy and Water
Development Appropriations Act
JULY 15, 2010

The Deepwater Horizon oil spill crisis in the Gulf of Mexico is a stark reminder of the risks and choices America faces in meeting our nation's energy demands. Long before this disaster, it was clear that action is required to develop clean, affordable, reliable and safe energy options that protect our security and the environment and ensure our strong economic future.

Today, over half—58 percent—of the oil used domestically is imported, and the nation's dependence will increase as domestic resources are depleted. Most of the world's oil reserves are concentrated in the Middle East, and oil price shocks and price manipulation have cost our economy dearly—about \$1.9 trillion from 2004 to 2008—and, each major shock was followed by a recession. Americans spend more than \$200,000 per minute—\$13 million per hour—on foreign oil, and more than \$25 billion a year on Persian Gulf imports alone.

Last year's American Recovery and Reinvestment Act took decisive action to reshape our energy future by making significant investments in Department of Energy programs designed to create clean energy jobs quickly, to keep tomorrow's energy industries in the United States, and to begin transforming our energy sector for the 21st century.

In the fiscal year 2011 bill, the Committee builds on the Recovery Act's energy initiatives with investments to reduce our dependence on petroleum and create a more diverse, secure, clean and affordable American energy sector. To this end, the bill continues three energy innovation hubs started in fiscal year 2010, recognizing that this model for energy research and development promises to bring innovative technologies from basic research to market commercialization faster than other research models.

While the impacts of past energy policies are clear to every American—high gas prices, pollution and a dependence on foreign oil that puts our national security at risk—the impacts of national defense requirements are less tangible, but of critical importance. This year we face significant needs at the Department of Energy that affect our national security.

This Committee has, since 2007, pushed for an enduring 21st century strategy for nuclear weapons and a nuclear weapons complex that supports the national deterrence strategy. The Administration has made great strides in meeting the requirement for a comprehensive policy for nuclear weapons, grounded in contemporary realities, with the Nuclear Posture Review and other supporting documents. As a direct result of the Administration's efforts to address these concerns, the Committee recommends significant increases to ensure our national deterrent is safe, secure, and effective. The bill also provides significant increases in support of the President's goal of securing vulnerable nuclear material worldwide. In a difficult budget environment, the bill also makes investments in critical infrastructure and continues support for important energy programs that are also critical to our long-term national security.

The nation continues to face a pressing need for investment in water resource infrastructure. Preventing the loss of life and property caused by flooding, investing in our nation's economic competitiveness through a thriving coastal and inland navigation industry, restoring and protecting aquatic ecosystems, supplying water for irrigated agriculture, and providing clean drinking water and inexpensive hydropower for our communities are among the top priorities of the Committee. This bill restores more than \$400 million in water resource investments that the President's budget request cut from fiscal year 2010. Through this additional funding, we will protect our communities while enhancing our nation's economic competitiveness by constructing nationally-important infrastructure.

Given the substantial security, energy and water infrastructure needs of our country, total funding for Energy and Water Development in fiscal year 2011 is \$34.7 billion. This funding amount represents a reduction of \$675 million from the budget request and an increase of \$1.2 billion from fiscal year 2010. Within this increase, the Committee accommodated a \$1.1 billion increase for programs that address essential national security needs at the National Nuclear Security Administration. The bill balances priorities across energy and water programs in a responsible manner, meeting critical security needs while ensuring other, ongoing efforts receive adequate funding to meet the most essential requirements for moving the nation away from dependence on foreign oil.

At the outset, let me thank Mr. Frelinghuysen, the Ranking Member, for his insight and partnership on the Subcommittee. He and I have worked to ensure the Energy and Water Development Subcommittee continues its tradition of bipartisanship—the Subcommittee has operated collaboratively and effectively for many years and I believe we were able to continue in that vein.

I would like to thank the other Members of the Subcommittee for their hard work and input while drafting this bill and for the teamwork they put forth in the hearings we held. The work of each Member of this Subcommittee has been commendable.

I would also like to thank Chairman Obey for his leadership and support at the full Committee level. Chairman Obey has tirelessly worked for his district and the American people for four decades, and his expertise and passion will be missed. I also thank Ranking Member Lewis for his leadership on the Committee.

We have endeavored to continue funding critical activities while recognizing the realities of the day. The bill balances the needs of our country across the bill's broad portfolio of activities, ranging from national defense and nuclear nonproliferation to water projects, while recognizing our constrained fiscal environment. I have said before that I try to put people before politics. I believe this bill is consistent with that goal.

Addressing High Gas Prices and Dependence on Petroleum Fuels

The Energy and Water Development appropriation includes more than \$1.1 billion for fiscal year 2011 to find solutions that can reduce our nation's dependence on petroleum-based fuels. Through research, development, demonstration, and deployment of innovative energy technologies, we can increase the gas mileage of conventional gasoline and diesel vehicles, lower the cost and increase the sustainability of petroleum alternatives like advanced biofuels, and accelerate development of next-generation electric vehicles. In the next five to 10 years, these advancements can significantly reduce our demand for oil and increase the security and sustainability of our transportation sector. The Department of Energy programs funded in this bill make the long-term investments necessary to secure our economic and national security by permanently reducing our dependence on petroleum fuels.

Energy Efficiency and Renewable Energy

For everything from cars to air conditioners, the cheapest way to get more energy is to use less of it. This bill invests in Department of Energy activities that will develop technologies to make cars, homes, buildings, and industry consume less energy by using it more efficiently.

The bill also invests in renewable energy technologies that can harness our nation's vast solar, wind, geothermal, and water resources to produce clean, domestic, and renewable energy and reduce our dependence on other sources of energy that often exhibit fluctuating prices and that harm our environment. The Committee continues to support the advancement of innovative technologies in these areas by providing \$2.36 billion for energy efficiency and renewable energy.

Advanced Research Projects Agency—Energy

Our nation's economic, environmental, and security challenges require new approaches to creating innovative technologies that can transform our energy sector. The bill provides \$220 million to the Advanced Research Projects Agency—Energy, which funds projects that are too risky to rely solely upon private-sector investment but may revolutionize the way we produce and use energy. By investing in pioneering universities, companies, and laboratories that are developing technologies, ranging from carbon capture techniques to processes that make transportation fuels from electricity, we will help America compete in the global race for energy innovation while addressing our pressing energy challenges.

Weapons Complex

The bill provides \$7.0 billion for new activities, approximately the same as the request and \$606 million above 2010, in support of our nation's nuclear weapons complex and related activities. This funding will help to ensure the nation's nuclear deterrent is safe, secure and effective, contributing to the nation's and our allies' security. The bill recommends substantial increases to life extension programs and infrastructure investments and directs the use of \$80 million in previously appropriated funds no longer required for their intended purpose.

Preventing the Spread of Nuclear Weapons

A top national security priority is preventing nuclear proliferation and reducing nuclear stockpiles. In April of 2009, the President committed to secure all vulnerable nuclear materials within four years. One year later, at a summit here in Washington, D.C., 47 countries agreed to work toward this goal. The recently signed New START agreement with Russia and a reinvigorated effort to dispose of 34 metric tons of Russian surplus plutonium also show progress in making the world safer. The bill strongly supports the implementation of the U.S. nonproliferation agenda.

The bill provides \$2.7 billion for new activities within these programs, approximately the same as the request and \$547 million above 2010. The bill directs the use of \$40 million in previously appropriated funds that are no longer required for their intended purpose. The Global Threat Reduction Initiative, along with the International Nuclear Material Protection and Cooperation, will lead the efforts to secure fissile material in four years; the bill provides \$1.1 billion, the same as the request and \$243 million above 2010, for this important effort. The bill also provides \$1 billion, approximately the same as the request and \$325 million above 2010, for the Fissile Material Disposition program to continue the construction of the Mixed-Oxide Fuel Fabrication Facility at the Savannah River Site in South Carolina. This construction project complements the renewed effort to dispose of Russian surplus fissile material. The research and development program, which ensures the best nuclear detection and treaty monitoring capabilities are available to nonproliferation programs, receives \$352 million, the same as the request and \$34 million above last year.

Naval Reactors

The bill provides \$1 billion, \$90 million above 2010 and \$35 million below the request, to develop, operate, and dispose of naval nuclear propulsion plants and reactor cores for the United States Navy. The increase from 2010 supports priority activities in Naval Reactors, including designing the nuclear reactor for the replacement of the OHIO-class ballistic missile submarine and investing in the recapitalization of aging infrastructure that dates back to the 1950s.

Loan Guarantees

The bill continues to support the Title XVII Innovative Technology Loan Guarantee and the Advanced Technology Vehicle Manufacturing Loan programs to accelerate the implementation of innovative technology energy generation and to establish a domestic manufacturing base. The bill includes \$50 billion in new authority, split evenly between renewable energy systems and efficient end-use energy technology projects and nuclear power facilities.

Modernizing and Protecting the Nation's Electricity Grid

We hear much about generation technologies, but most electricity would never reach American citizens without a reliable electricity transmission and distribution grid. Moreover, more than seven percent of our energy is lost in transmission between power generation plants and the homes and businesses they serve. Finally, limitations within the existing power grid present challenges to deploying large amounts of intermittent renewable energy resources.

The bill contributes to solutions that will address these challenges by investing \$126 million in the research and development of new electricity delivery and energy reliability technologies. The bill funds research and development of smart grid technologies that will increase the efficiency of large-scale transmission and local electricity distribution. These technological advances will help households and businesses reduce their electricity bills by more efficiently managing their energy usage. By developing modern grid components and cost-effective energy storage, the bill funds activities that will enable the integration of additional intermittent renewables, allow the electric grid to charge millions of electric vehicles, and avoid the use of the most expensive power plants during times of the highest

demand. Finally, the bill continues to support our national security by funding the development of cyber security technologies to protect a power grid that is increasingly reliant on networked components.

Science

The bill provides \$4.9 billion for the Office of Science, approximately the same as 2010, to ensure the United States' continued global leadership of basic science research and to develop the fundamental knowledge necessary for the next generation of energy innovations. Through investments in areas like high energy physics, we push the edges of scientific knowledge and foster our nation's world-leading scientists. Through programs that research basic energy sciences, fusion energy, advanced scientific computing, nuclear physics, and biological and environmental research, we build the foundation of knowledge that will enable us to transform our energy sector to be more secure and sustainable.

Advancing Cleaner Coal and Nuclear Energy

Coal and nuclear energy continue to be the largest suppliers of electricity for this country. While the nation invests in renewable energy, we must continue to make investments in more efficient, cleaner, and safer coal and nuclear technologies. These technologies will assist U.S. economic competitiveness and position the United States to help other countries mitigate global climate change.

The Fossil Energy appropriation is \$587 million, the same as the request. This funding supports a variety of research and development efforts to advance lower-emission coal power, including carbon capture and storage and increasing the efficiency of the existing fleet of coal-fired energy plants.

For Nuclear Energy, the bill provides \$824 million as requested, and \$37 million above 2010. The increase is a result of the transfer of responsibilities to Nuclear Energy in the aftermath of the Administration's decision to terminate the Yucca Mountain project, including carrying forward the research agenda in nuclear waste repositories and the Department's responsibilities under the Nuclear Waste Policy Act. A Center of Excellence for Nuclear Waste Management is created to retain and advance the scientific expertise in repository systems to serve nuclear waste disposal efforts in the future. Other research initiatives relating to nuclear reactor designs, such as Small Modular Reactors, and nuclear energy enabling technologies are also supported.

Environmental Cleanup

Cleaning up the legacy of our nuclear weapons complex and other nuclear activities is an obligation to current and future generations of Americans that must be met. The bill makes investments in a number of areas to advance this effort. First, the bill provides \$5.1 billion for Defense Environmental cleanup, \$517 million below 2010 and \$463 million below the request. The reduction is due to the rejection of the Administration's legislative proposal that would have extended the federal contribution to the Uranium Enrichment Decommissioning and Decontamination (UED&D) Fund. The bill provides for the same work scope as the request. Second, the bill provides \$245 million for Non-Defense cleanup, \$20 million above the request and same as 2010. Finally, \$574 million is provided for UED&D work, \$43 million above the request and the same as 2010. The Committee once again rejects the legislative proposal to reinstate an annual \$200 million utility fee.

Ensuring Effective Project Management

This Committee has long pushed the Department of Energy on management and cost issues. The bill before us today continues to stress that point to the Administration and directs the Department to continue to work with the Government Accountability Office (GAO) to make the critical improvements necessary to remove the Department from the GAO's "high-risk" list. The Committee continues its efforts to reform management practices relating to major construction and operating projects, including statutory language requiring independent cost estimates at critical milestones.

The Department continues its 20-year membership on the GAO's annual list of programs that are at high-risk for fraud, waste, abuse, and mismanagement. While the Department has made progress, recent history has shown that there is substantial room for improvements. Of particular concern this year is the Department's abysmal cost-estimating, as described in a recent GAO report. Accurate cost-estimating is critical as the Committee and Department make major investment decisions. Improved cost-estimating also allows early warning regarding cost-

growth in major construction and operating projects so that measures can be taken to mitigate challenges as early as possible in projects.

Improving our Water Infrastructure

In the face of the worst recession since the Great Depression and a time of unprecedented unemployment, the Administration slashed the budget for water resource development by over \$500 million. If adopted, this budget request would terminate hundreds of ongoing projects and would lead to tremendous job loss around the country.

In response, the bill restores \$400 million to the Corps' budget. These investments will preserve or create thousands of jobs. Additionally, these investments will provide increased transportation efficiency on our nation's waterways, preserve our vulnerable aquatic ecosystems, supply our communities with clean water, and, most importantly, ensure the safety of our citizens. The bill also recognizes the increasing cost of aging infrastructure through significantly-increased funding for the operation and maintenance of existing projects. A substantial portion of the restored funding will be provided using a nationwide prioritization of projects based on the merits of the projects, both in terms of their ability to improve the safety of our communities and those projects that maximize benefits to the nation while minimizing costs.

The Committee is encouraged by an agreement signed earlier this year under which the Department of Energy, the Department of the Interior, and the Army Corps of Engineers will collaborate to vastly increase the production of clean, inexpensive hydropower across the nation at our existing dams and facilities. The bill demonstrates the Committee's support for this important initiative by increasing funding for hydropower investment.

Conclusion

In summary, the bill makes difficult choices in a constrained budget environment. It reflects a responsible balancing of programs important to the nation's future by building on past successes by transitioning the nation toward a new energy economy, improving the nation's infrastructure and ensuring our national security. At this time, I would like to ask if our Ranking Member, Mr. Frelinghuysen, has any comments he would like to make, after which, I will recognize Mr. Obey.