

**This is a preliminary transcript of a Committee hearing. It has not yet been subject to a review process to ensure that the statements within are appropriately attributed to the witness or member of Congress who made them, to determine whether there are any inconsistencies between the statement within and what was actually said at the proceeding, or to make any other corrections to ensure the accuracy of the record.**

1 {York Stenographic Services, Inc.}  
2 RPTS MEYERS  
3 HIF068.030

4 THE FISCAL YEAR 2013 DEPARTMENT OF ENERGY BUDGET  
5 THURSDAY, MARCH 8, 2012  
6 House of Representatives,  
7 Subcommittee on Energy and Power  
8 Committee on Energy and Commerce  
9 Washington, D.C.

10 The Subcommittee met, pursuant to call, at 10:08 a.m.,  
11 in Room 2123 of the Rayburn House Office Building, Hon. Ed  
12 Whitfield [Chairman of the Subcommittee] presiding.

13 Members present: Representatives Whitfield, Sullivan,  
14 Shimkus, Terry, Burgess, Bilbray, Scalise, Olson, McKinley,  
15 Gardner, Pompeo, Griffith, Barton, Upton (ex officio), Rush,  
16 Inslee, Dingell, Markey, Engel, Green, Doyle, and Waxman (ex  
17 officio)

18 Staff present: Maryam Brown, Chief Counsel, Energy and

19 Power; Allison Busbee, Legislative Clerk; Patrick Currier,  
20 Counsel, Energy and Power; Garrett Golding, Legislative  
21 Analyst, Energy; Mike Gruber, Senior Policy Advisor; Cory  
22 Hicks, Policy Coordinator, Energy and Power; Heidi King,  
23 Chief Economist; Ben Lieberman, Counsel, Energy and Power;  
24 Dave McCarthy, Chief Counsel, Environment/Economy; Mary  
25 Neumayr, Senior Energy Counsel; Jeff Baran, Democratic Senior  
26 Counsel; Phil Barnett, Democratic Staff Director; Greg  
27 Dotson, Democratic Energy and Environment Staff Director;  
28 Caitlin Haberman, Democratic Policy Analyst; and Angela  
29 Kordyak, DOE Detailee.

|  
30           Mr. {Whitfield.} I will call this hearing to order and  
31 the subject of today's hearing is ``The Fiscal Year 2013 DOE  
32 Budget.'' And we only have one witness today and that is  
33 Secretary Chu. And we appreciate very much your being here  
34 with us this morning, Mr. Secretary. We certainly have a lot  
35 of questions and we look forward to your comments as well.

36           And at this time I would recognize myself for an opening  
37 statement.

38           I would start off by simply saying that I think just  
39 about everyone agrees that America's air quality is among the  
40 best in the world, and there is no question that the Obama  
41 Administration is totally focused on transforming the energy  
42 delivery system in America. And the reasons given for that  
43 are, number one, to make the air quality even cleaner; and  
44 number two, Ms. Jackson and others frequently talk about  
45 regulations create more jobs. And I might also say that I  
46 have never, ever seen an administration go after one industry  
47 the way this Administration is going after the coal industry.

48           President Obama, when he was campaigning, was in San  
49 Francisco and he said they can build coal plants but they  
50 will go bankrupt. And even you have made comments about how  
51 bad coal is and many other people in the Administration and,  
52 you know, that is fine. That is you all's views and many of

53 us disagree with that.

54         And from looking at the budget that you have proposed,  
55 you are asking for an increase I guess of about \$856 million,  
56 and in the scheme of things that is not that much money. But  
57 we have a \$16 trillion federal debt and any kind of increases  
58 are significant in today's atmosphere. And when I look at  
59 that budget, when I read that budget, it appears to me that  
60 America is moving as fast as it can to adopt the European  
61 model for energy production. And I recently have read a  
62 number of articles about the things that are going on in  
63 Europe. We know that in Spain they place great emphasis on  
64 wind energy. They have an unemployment rate of 22 percent.  
65 There was the study from Juan Carlos University that talked  
66 about for every green job created there was a loss of two  
67 jobs in traditional industries.

68         And one of the things that I find most disturbing about  
69 this it looks like EPA is setting the energy policy for  
70 America. Now, the most comprehensive regulation coming out  
71 of EPA relates to Utility MACT. And Mrs. Jackson has never  
72 been able to give us a total cost. In fact, no one has been  
73 able to give us a total cost outside experts who have  
74 testified that it would be up to \$90 billion. But EPA said  
75 that they could expect to close maybe 14 gigawatts of coal  
76 plants and even NERC is saying that it will be more like 36

77 or 59 gigawatts. And NERC is also, in a November report,  
78 indicated there were liabilities, going to be a serious  
79 issue.

80 And yet, whether it is in transportation or it is in  
81 electricity production, this Administration is totally moving  
82 to, on the transportation side, provide all sorts of grants  
83 and loan guarantees to technologies, many of which have not  
84 proven to be able to deliver. Solyndra, we have got Fisker  
85 not going to open up the Delaware plant. We have got A123  
86 Battery Systems that are reducing their employment.

87 And my time is running out here, but I was just reading  
88 some of the headlines in Europe. ``EU Faces 20 Years of  
89 Rising Energy Bills,' ' ``Wind and Solar Subsidies Drying Up  
90 in Europe,' ' ``Wind Turbines in Europe do Nothing for  
91 Emission Reduction Goals,' ' ``Germany's Rising Cost of Going  
92 Green,' ' ``Czech Electricity Grid Company Ready to Block  
93 German Wind Power.' ' And so my whole point is that this  
94 Administration is moving so fast and so determined to  
95 transform the energy sector in America that I don't think  
96 they are giving adequate consideration to the consequences of  
97 that.

98 So that is what I am, as one individual representing  
99 700,000 people, am most concerned about. And my time has  
100 expired so at this time I would like to recognize Mr. Rush

101 for his 5-minute opening statement.

102 [The prepared statement of Mr. Whitfield follows:]

103 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
104 Mr. {Rush.} Thank you, Mr. Chairman.

105 And thank you, Mr. Secretary, for being here. Mr.  
106 Secretary, it is always a pleasure to have you appear before  
107 this subcommittee. And I want to take a moment just to  
108 commend you for your knowledge, your expertise, and your  
109 leadership in directing this important agency at such a  
110 critical time in our Nation's history.

111 As you know, high gasoline prices are on the minds of  
112 every American, my constituents and others. I am concerned  
113 about these high gas prices. And although we all understand  
114 that fuel prices are influenced by a variety of geopolitical  
115 factors, to hear my Republican colleagues tell it, it is the  
116 President and his energy policies that are contributing  
117 enormously to these sky-high prices. And of course, Mr.  
118 Secretary, you and I will agree that does not explain--the  
119 definition does not explain why gas prices skyrocketed from  
120 just over \$1.50 a gallon in 2001 when President Bush took  
121 office to just under \$4.00 a gallon in spring of '08 before  
122 the Bush recession took our economy over the cliff. But that  
123 is an argument for another time. I don't want to belabor  
124 that at this moment.

125 Mr. Secretary, as the person who heads the Energy  
126 Department, I would like to hear your thoughts on how the

127 Obama Administration's policies have helped the American  
128 consumers through fuel efficiency measures to promotional  
129 renewable sources of energy and other forward-thinking  
130 policies that are necessary to move America forward and to  
131 wean us off of imported oil. I would like also to get your  
132 comments on the record regarding the levels of fuel  
133 consumption, importation of foreign oil, and oil and gas  
134 production during the Obama Administration. The research I  
135 have seen show that under President Obama we are importing  
136 less oil now than any other time in the last 13 years.  
137 Research also shows that we are producing more oil now  
138 domestically than we were at any time in the last 8 years.  
139 In fact, since President Obama opened up millions of new  
140 acres for oil and gas exploration, the U.S. now has more  
141 working oil and gas rigs than the rest of the world combined.

142       Additionally, your agency recently reported that the  
143 average fuel demand has actually dropped 6.7 percent as  
144 compared to the same time last year. Yet, despite all of  
145 these effects, gas prices have continued to climb much faster  
146 and far earlier than in previous years. And of course, my  
147 friends on the other side, those who want to blame the  
148 President and those who have got a keen eye, a sharp eye  
149 toward these November 2012 elections are using this as a way  
150 to make political hail against the Administration's policies.

151 As you will hear repeated time and time and time again, the  
152 constant refrain of those on the other side will be pointing  
153 the finger at the President and solely at the president.

154 Mr. Secretary, again, I want to welcome you today and I  
155 look forward to your testimony. I look forward to you  
156 setting the record straight, finally I hope setting the  
157 record straight but I am not too confident that even though  
158 you are setting the record straight that it will remain set.  
159 Your comments in the past as they have been will be  
160 distorted, taken out of context, and used for political  
161 violence and political verbiage and used for political gain.  
162 But please inform the American people of the true benefits of  
163 having an energy policy that is forward-looking, that will  
164 help us plan ahead for the future so the Congress will not  
165 have this same finger-pointing debate 10, 20, or 30 years  
166 down the road.

167 Thank you, Mr. Secretary. And I yield back the balance  
168 of my time.

169 [The prepared statement of Mr. Rush follows:]

170 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
171 Mr. {Whitfield.} Thank you.

172 At this time, I recognize the chairman of the full  
173 committee, Mr. Upton of Michigan, for 5 minutes.

174 The {Chairman.} Well, thank you, Mr. Chairman.

175 And Mr. Secretary, welcome. Today's hearing on the  
176 Department of Energy's fiscal year 2013 budget comes at a  
177 very critical time for energy policy in the country for sure.

178 Gasoline prices continue their march toward and probably  
179 past \$4.00 per gallon. We remain dependent on unstable  
180 foreign sources of oil despite abundant untapped domestic  
181 supplies, as well as Canadian supplies that this  
182 Administration so far has blocking from coming into the U.S.  
183 And at the same time, residential electricity prices have  
184 been increasing every year over the last decade.

185 Mr. Secretary, you have raised some eyebrows with your  
186 comments on gas prices early on and about the  
187 Administration's overall energy policy. Many of us were  
188 stunned by your past suggestion sometime ago that, ``somehow  
189 we have to figure out how to boost the price of gasoline to  
190 the levels in Europe.'' And more recently, last week you  
191 were asked whether your overall goal was to lower gasoline  
192 prices, and your answer was, ``no.'' You said the goal was  
193 to decrease dependency on oil--a long-term goal for sure--

194 which means we are not necessarily focused on reducing prices  
195 for families and small businesses that are struggling today.

196       Increased energy prices mean that energy households are  
197 spending a greater percentage of their income on energy  
198 costs, leaving them with less money for food, healthcare,  
199 education, other basic necessities. So what has the  
200 President done to help us? Well, he twice rejected the  
201 Keystone Pipeline project and the job creation and secure  
202 energy supplies that it would deliver. His solution to  
203 higher gas prices appears to certainly threaten our emergency  
204 oil supplies by tapping SPR rather than opening more federal  
205 lands to domestic energy development.

206       Instead of eliminating regulatory red tape, he has  
207 imposed costly new regs on our power sector that certainly is  
208 going to drive up the electricity prices. He recently did  
209 begin to brag about that he supports an ``all-of-the-above''  
210 energy policy, but these actions look more like a policy of  
211 ``nothing from below.'' Oil production opportunities remain  
212 blocked, layers of new federal regs contemplated for natural  
213 gas development, costly rules designed to squeeze out coal,  
214 and the sad saga of Yucca Mountain, halting development of a  
215 long-term repository and raising questions about our long-  
216 term nuclear prospects.

217       So the President's proposed fiscal year 2013 budget for

218 the DOE is not ``all-of-the-above.'' Rather, it seeks to  
219 transform the energy portfolio based on unproven and more  
220 expensive alternatives. Certainly, his budget proposes to  
221 slash funding for proven energy resources such as coal,  
222 nuclear, hydro, while significantly increasing funding for  
223 high-cost, high-risk energy alternatives. And although many  
224 of us do support alternative energy sources--they are  
225 laudable goals--there is a place for research for sure, but  
226 the questions that are placed as to whether or not they  
227 really produce a healthy overall economy

228         So we welcome your testimony today. We look forward to  
229 your answers.

230         And I yield the balance of my time to Mr. Barton.

231         [The prepared statement of Mr. Upton follows:]

232 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
233 Mr. {Barton.} Thank you, Mr. Chairman.

234 And Secretary, it is always good to see you. We would  
235 love to have you come before us and give us your views on the  
236 state of the Department of Energy.

237 Today, we are going to talk about DOE's budget. We saw  
238 that the total budget request by the President was a little  
239 over \$27 billion and just coincidentally I saw that overall  
240 the Obama Administration last year spent over \$24 billion on  
241 alternative energy projects. It is obvious that some of that  
242 money hasn't been too well spent. I continue to be concerned  
243 about Solyndra. I continue to believe that that project has  
244 been mismanaged by your department. I am going to ask you  
245 some questions when I am allowed to what changes if any have  
246 been made in the management of the Loan Guarantee Program.  
247 It is obvious that mistakes have been made and I think some  
248 laws have been violated with regards to the subordination  
249 situation. But I would hope that you would be able to tell  
250 me that things are being corrected and those practices of the  
251 past won't happen again.

252 But we are always glad to see you, sir, and we look  
253 forward to your answers. I would yield to whoever I am  
254 supposed to. If not, I yield back to the Chairman.

255 [The prepared statement of Mr. Barton follows:]

256 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
257 Mr. {Whitfield.} The gentleman yields back.

258 At this time, I would like to recognize the gentleman  
259 from California, Mr. Waxman, for a 5-minute opening  
260 statement.

261 Mr. {Waxman.} Thank you, Mr. Chairman.

262 And Secretary Chu, we are pleased to see you again at  
263 our Committee.

264 There are a lot of energy challenges that we are facing  
265 and you are going to be asked about them by members of our  
266 Committee, but the American people are concerned about high  
267 gasoline prices. And I think because of our dependence on  
268 oil, oil itself, that is leading us to our higher prices in  
269 gasoline. Oil is priced in a world market. And so even if  
270 we produce more oil in the United States, that is not going  
271 to lower the price of gasoline here because we have oil  
272 priced based on what the world price is. Canada, for  
273 example, should be the utopia the Republicans pray for. In  
274 Canada, they produce more oil than they consume. And yet  
275 their prices are just as high as ours and their people are  
276 complaining about the high price of gasoline as well.

277 So when we hear Republicans saying produce more oil,  
278 they are doing what the oil companies want but it is not  
279 going to reduce the price of gasoline. Energy economists

280 tell us the Republican plan is not even remotely possible to  
281 reduce the price of gasoline. It will have zero effect on  
282 gasoline prices. So we need to face reality. And the  
283 reality is that oil prices are determined on a global market,  
284 and no matter how much we drill here, our gasoline prices are  
285 going to rise if there is a crisis in the Middle East, if  
286 there is a fear about disruption from Iran, if there is a  
287 labor unrest in Nigeria, if OPEC sees that there is too much  
288 oil and they decide to reduce the supply and the demand is  
289 increased in China and in India. So there is only one way we  
290 can protect ourselves from the impacts of rising oil prices,  
291 and that is if we reduce our demand for oil.

292         That brings us to another energy challenge that we face.  
293 We have to invest in clean energy to diversify and reduce our  
294 energy use. We are locked in a competition with China and  
295 other countries in the future of clean energy. And if clean  
296 energy is our future and we are not investing in that as  
297 House Republicans call us to strike those investments, we are  
298 going to lose out on jobs and the future.

299         We have to also confront the enormous challenge of  
300 climate change, which threatens our economic strength, our  
301 national security, and the health of our citizens. Yet  
302 rather than confront this challenge, the Republicans deny the  
303 science and they vote to block all action on climate change.

304 Democrats and Republicans in Congress seem to have two  
305 completely different visions of our future. The President  
306 says we need to listen to scientists and energy experts and  
307 become the world leaders in clean energy economy of the  
308 future. House Republicans deny the science and they seem to  
309 want to obstruct the President every step of the way.

310 In spite of these constant obstructions and attacks on  
311 commonsense policy, the Administration has made significant  
312 advances. The President has acted to cut the emissions of  
313 cars and trucks, doubling the fuel efficiency of our fleet.  
314 As a result, our energy dependence on oil has declined. The  
315 Department of Energy has made significant investments in  
316 renewable energy and we are seeing the results. Even while  
317 our economy has struggled during the last 3 years, the solar  
318 industry doubled the number of American solar jobs from  
319 46,000 to more than 100,000. U.S. wind industry has added  
320 more than 35 percent of all new generating capacity over the  
321 past 4 years, second only to natural gas. The percentage of  
322 those wind components manufactured in the U.S. has more than  
323 doubled.

324 The Department of Energy is looking at a weatherization  
325 program to improve energy efficiency of more than 750,000  
326 homes across the Nation. That is a savings for low-income  
327 families an average of \$437 a year in heating and cooling

328 costs alone. You won't hear much about these accomplishments  
329 from the Republicans. They are going to talk about Solyndra  
330 and Keystone. We will hear the President's budget didn't  
331 include enough money for fossil fuels or nuclear power. We  
332 are not going to hear about real solutions from the  
333 Republicans. They are playing politics with this issue. We  
334 need to get on with the job of making sure America is less  
335 dependent on oil, that we have a future in the clean energy  
336 sector that our consumers can face lower gasoline prices as  
337 we move away from our dependence on oil.

338 I yield back my time.

339 [The prepared statement of Mr. Waxman follows:]

340 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
341           Mr. {Whitfield.} Thank you, Mr. Waxman.

342           That concludes the opening statements. And as I said  
343 earlier, we only have one witness today and that is Hon.  
344 Steven Chu, Secretary of Energy.

345           And so, Mr. Secretary, you are recognized for 5 minutes  
346 for an opening statement.

|  
347 ^STATEMENT OF STEVEN CHU, SECRETARY, U.S. DEPARTMENT OF  
348 ENERGY

349 } Secretary {Chu.} Thank you. Chairman Whitfield,  
350 Ranking Member Rush, Chairman Upton, Ranking Member Waxman,  
351 and members of the Committee, thank you for the opportunity  
352 to discuss the Department of Energy's fiscal year 2013 budget  
353 request.

354 To promote economic growth and strengthen security,  
355 President Obama has called for an ``all-of-the-above strategy  
356 that develops every source of American energy.'' The  
357 President wants to fuel our economy with domestic energy  
358 resources while increasing our ability compete in the clean  
359 energy race. The Department's fiscal year 2013 budget  
360 request of 27.2 billion is guided by the President's--

361 Mr. {Whitfield.} Mr. Secretary, excuse me for  
362 interrupting just a minute. Mr. Rush said that he cannot  
363 hear you. Is your microphone on?

364 Secretary {Chu.} I am wondering actually--I have been  
365 having difficulty hearing you as well. If the person in  
366 charge of the audio-visual can crank it up a little bit?  
367 That seems to be better.

368 Mr. {Whitfield.} All right, thank you.

369 Secretary {Chu.} To promote economic growth and  
370 strengthen security, President Obama has called for an ``all-  
371 of-the-above strategy that develops every source of American  
372 energy.'' The President wants to fuel our economy with  
373 domestic energy resources while increasing our ability  
374 compete in the clean energy race.

375 The Department's fiscal year 2013 budget request of 27.2  
376 billion is guided by the President's vision, our 2011  
377 strategic plan on our inaugural quadrennial technology  
378 review. It supports leadership in clean energy technologies,  
379 science, and innovation, and nuclear security and  
380 environmental cleanup.

381 Decades ago, the Energy Department's support helped to  
382 develop the technologies that have allowed us to tap into  
383 America's abundant shale gas--and I might add--oil resources.  
384 Today, our investments can help advance technologies that  
385 will unlock the promise of renewable energy and energy  
386 efficiency. The budget request invests approximately \$4  
387 billion in our energy programs. It advances progress in  
388 areas from solar to offshore wind to carbon-capture  
389 utilization and storage to smart grid technologies, and it  
390 helps develop next-generation biofuels, advanced batteries,  
391 and fuel efficient vehicle technologies to reduce our  
392 dependence on foreign oil, which every day places a crushing

393 burden on families and on our economy.

394           As the President and I have said, there is no silver  
395 bullet, but we can and must pursue a serious, long-term, all-  
396 of-the-above approach that diversifies our transportation  
397 sector, protects consumers from the high gas prices,  
398 harnesses American resources, and creates jobs here and at  
399 home. That is exactly what this budget does.

400           The budget request also invests \$770 million in the  
401 Nuclear Energy Program to help develop the next generation of  
402 nuclear power technologies, including small modular reactors.  
403 It includes funding for continued nuclear waste R&D, which  
404 aligns with the recommendations of the Blue Ribbon Commission  
405 on America's Nuclear Future. As we move to a sustainable  
406 energy future, America's fossil fuel energy resources will  
407 continue to play an important role in our energy mix.

408           The budget request includes \$14 million as part of a \$45  
409 million priority R&D initiative by the Departments of Energy,  
410 Interior, and EPA to understand and minimize potential  
411 environmental, health, and safety impacts of natural gas  
412 development through hydraulic fracking. The budget also  
413 promotes energy efficiency to help American's save money by  
414 saving energy and it sponsors R&D on industrial materials and  
415 processes to help U.S. manufacturers cut costs.

416           To maximize our energy technology efforts in areas such

417 as batteries, biofuels, electric grid technologies, we are  
418 coordinating research and development across our base and  
419 applied research programs and ARPA-E. And to encourage the  
420 manufacturing and deployment of clean energy technologies,  
421 the President has called for extending proven tax incentives,  
422 including the Production Tax Credit, the 1603 program, and  
423 Advanced Energy Manufacturing Tax Credit.

424         Competing in the new energy economy requires our country  
425 to harness all our resources, including American ingenuity.  
426 The budget request includes \$5 billion for the Office of  
427 Science to support basic research that could lead to new  
428 discoveries and help solve energy challenges. It continues  
429 to support energy frontier research centers, which aim to  
430 solve specific scientific problems to unlock new clean energy  
431 development. It also supports the five existing energy  
432 innovation hubs and proposes a new hub in electricity  
433 systems. Through the hubs, we are bringing together our  
434 Nation's top scientists and engineers to achieve game-  
435 changing energy goals.

436         Additionally, the budget request includes \$350 million  
437 for ARPA-E to support research projects that could  
438 fundamentally transform the ways we use and produce energy.  
439 Taken together, our research initiatives will help rev up  
440 America's great innovation machine to accelerate energy

441 breakthroughs.

442           In addition to strengthening our economy, the budget  
443 request also strengthens our security by providing 11.5  
444 billion for the National Nuclear Security Administration.  
445 Finally, the budget requests include 5.7 billion for the  
446 Office of Environmental Management to protect public health  
447 and the environment by cleaning up radioactive legacy waste  
448 from the Manhattan Project and the Cold War.

449           This budget request builds on progress that has been  
450 made by the program. By the end of 2011, the program has  
451 reduced its geographic footprint by 66 percent, far exceeding  
452 its goal of 40 percent. The budget request makes strategic  
453 investments to promote our prosperity and security. At the  
454 same time, we recognize the country's fiscal challenges and  
455 are cutting back where we can. We are committed to  
456 performing our work efficiently and effectively.

457           Countries around the world recognize the clean energy  
458 opportunity and are moving aggressively to lead. This is a  
459 race we can win but we must act with fierce urgency.

460           Thank you, and I will be pleased to answer your  
461 questions.

462           [The prepared statement of Mr. Chu follows:]

463 \*\*\*\*\* INSERT 1 \*\*\*\*\*

|  
464 Mr. {Whitfield.} Thank you, Secretary Chu. And I  
465 recognize myself for 5 minutes of questions.

466 I had mentioned in my opening statement about the  
467 Utility MACT, which is indeed one of the big regulations  
468 coming out of EPA. And the thing that bothers me the most  
469 about it is that it was basically explained that the reason  
470 we had to do this was primarily for mercury reductions and  
471 some acid gas reductions. And whenever Lisa Jackson talked  
472 about it or anyone else, they talked about this is the  
473 reason, because we are going to save x thousands of people,  
474 premature death and whatever and whatever and whatever. And  
475 yet, in their own documentation, it was very clear that  
476 mercury reduction had no significant benefit from Utility  
477 MACT, that any of the benefits came from double counting  
478 reduction and particulate matter. And I would just like to  
479 know, were you involved at all in formulating Utility MACT or  
480 discussing the implications of Utility MACT or the benefits  
481 of Utility MACT?

482 Secretary {Chu.} We were involved to the extent that  
483 when asked to provide technical information on, for example,  
484 potential impacts having to do with the reliability of  
485 transmission distribution of energy, we provided that  
486 technical information to the EPA. I remember especially that

487 was some of the concerns of the EPA, what power generating  
488 stations--was there any threat to the delivery system for the  
489 continued reliability for the system.

490 Mr. {Whitfield.} Well, are you concerned that EPA had  
491 estimated that there would be a 14 gigawatt reduction in coal  
492 production of electricity and NERC is saying it would be more  
493 in the neighborhood of 36 to 58 gigawatt reduction? And NERC  
494 has also raised issues on reliability. As Secretary of  
495 Energy and responsible for reliability in a lot of these  
496 issues, does that concern you?

497 Secretary {Chu.} Again, in discussions with NERC and  
498 EPA we looked at the mechanisms and felt that there were  
499 procedures and mechanisms in place so that the American  
500 public--that, you know, should something occur because it is  
501 not taking the average--the aggregate--for each particular  
502 sector that receives electricity, would the companies be able  
503 to supply electricity in a reliable manner? And so we  
504 certainly worked with those agencies to say that there were  
505 mechanisms in place to respond should something occur.

506 Mr. {Whitfield.} So you don't--

507 Secretary {Chu.} In the planning--

508 Mr. {Whitfield.} --have any concerns about the  
509 reliability issue from the information that you have?

510 Secretary {Chu.} No. Of course we have concern about

511 the reliability. That is one of the very important duties of  
512 the Department of Energy.

513         Mr. {Whitfield.} I am disturbed that I think EPA misled  
514 the American people on Utility MACT because all they ever  
515 talked about--and even many of our friends on this side of  
516 the aisle, not all of them, but every time there is a public  
517 statement they talk about what the reduction of mercury  
518 emissions is going to be. And all of the analysis, all of  
519 the data indicates that there is insignificant benefit from  
520 mercury reduction. So if EPA is selling it based upon that  
521 benefit and that benefit is not there, then why would you be  
522 moving forward with such an expensive regulation that will  
523 potentially affect reliability, as well as increase  
524 electricity prices?

525         Secretary {Chu.} Well, Mr. Chairman, I can't speak  
526 directly to the mercury standards that the EPA is talking  
527 about, and mainly because that is in the purview of the EPA  
528 to protect the air, to protect Americans' health. And our  
529 role is in determining power distribution reliability, our  
530 role is in developing technologies to make coal--so we can  
531 help industry reduce the price to continue to use coal but in  
532 a much cleaner way.

533         Mr. {Whitfield.} Well, you know, I mean I just have a  
534 philosophical difference I guess with you also because we

535 have this \$16 trillion debt. ARPA-E, you are asking for a  
536 plus-up of 27 percent on that. Basically, that is used for  
537 very speculative technology. You have asked for a 30 percent  
538 increase on energy efficiency and renewable energy grants.  
539 And I was reading a biography of Henry Ford, and then we  
540 started Ford Motor Company, he did it all with private  
541 investment. And just like on Fisker, you had Kleiner Perkins  
542 putting up venture capital there and I am just questioning,  
543 why should the Federal Government be putting up these  
544 millions of dollars when we are in the financial situation  
545 that we are in and it is very speculative? So what is your  
546 view?

547       Secretary {Chu.} Well, I am very supportive of ARPA-E.  
548 There was a very recent ARPA-E third summit. It was at the  
549 end of February. There was great excitement and enthusiasm,  
550 leaders in American industry including Fred Smith of FedEx.  
551 I am going to paraphrase what he said when he gave a talk  
552 there and he said, you know, pound for pound, dollar for  
553 dollar, he felt that ARPA-E was the most effective use of  
554 government resources he has seen in a long time. That is a  
555 paraphrase that we can get you the exact quote, but strongly  
556 supportive of ARPA-E. Lee Scott similarly strongly  
557 supportive of ARPA-E. Many, many people thought that it was  
558 very important to help America get a leg up and increase our

559 competitiveness and help our prosperity.

560 Mr. {Whitfield.} Thank you, Secretary Chu.

561 Mr. Rush, you are recognized for 5 minutes.

562 Mr. {Rush.} Thank you, Mr. Chairman.

563 Mr. Secretary, as I stated in my opening statements, I  
564 am eager for you to set the record straight in regards to the  
565 levels of oil and gas production importation and consumption  
566 during the time that President Obama has been in office.  
567 While my Republican colleagues may engage in a scorched-earth  
568 strategy and an endless and senseless blame game gamut and  
569 point to the Administration's policies as the singular cause  
570 for rising gas prices, I believe that in fact it is your  
571 agency's programs and policies that will help America move  
572 past our dependence on foreign oil and fossil fuels in  
573 general so that we will not continue to have this debate  
574 every year as gas prices inevitably rise.

575 So Mr. Secretary, can you talk about the levels of oil  
576 and gas reduction under President Obama's Administration.  
577 Has production increased or decreased? And have new lands  
578 been opened up for drilling under this Administration?

579 Secretary {Chu.} Well, Mr. Rush, as you yourself  
580 pointed out, during the Obama Administration, the production  
581 of petroleum liquids in the United States have increased.  
582 Now, I believe it is the highest it has been in over 8 years.

583 Also, as you pointed out, the fraction of the oil we import  
584 has declined from 60 percent as a high. Now, it is down  
585 below 50 percent--48 percent--and they are showing signs of  
586 further decline. This is very good because this means we are  
587 exporting fewer dollars abroad. And as we produce more oil  
588 here domestically, that is jobs in America, wealth creation  
589 in America. And so the Administration is very supportive of  
590 this increase in gas and oil.

591 Mr. {Rush.} Well, as it relates to the importation of  
592 oil, can you discuss the amount of oil that is being imported  
593 today as compared to before President Obama took office? Are  
594 we importing more or less oil from foreign countries under  
595 this Administration?

596 Secretary {Chu.} We are importing less. Again, roughly  
597 I believe less in the last 16 years as my memory serves to be  
598 correct.

599 Mr. {Rush.} For the record, to straighten out the  
600 record, has American consumption of gas increased or  
601 decreased over the past year and if it has changed, what do  
602 you attribute to that change? Can you discuss some of the  
603 policies that have gone into effect under President Obama  
604 that are impacting consumer habits and lowering U.S.  
605 consumption of gas?

606 Secretary {Chu.} Are you speaking of gas as in gasoline

607 or as in natural gas?

608 Mr. {Rush.} Gasoline. I am sorry.

609 Secretary {Chu.} Well, our consumption of gasoline has  
610 decreased in part due to two reasons. First, there was a  
611 dramatic increase unfortunately due to a very severe  
612 recession that we are very slowly climbing out of. But there  
613 is another very important part, and that is we want to climb  
614 out of this recession as quickly as we can. There is another  
615 important part and that is the efficiency, the use of  
616 gasoline is improving. And this goes directly to help every  
617 American family in reducing the amount they spend on gasoline  
618 every week. And so again, the Obama Administration has been  
619 very supportive and helpful and leading the way in improving  
620 the efficiency of automobiles, trucks, and other vehicles.

621 Mr. {Rush.} A part of your responsibility and a part of  
622 your concern I am sure is the weaning of the American  
623 consumer off of fossil fuel and our heavy dependence on  
624 fossil fuel and also foreign sources of energy. What  
625 policies do you have in place and give us a recipe for how  
626 you view these policies as being a top priority for the  
627 American people and for this Congress?

628 Secretary {Chu.} Well, the policies the President has  
629 taken in terms of increasing our production of oil and  
630 natural gas include the making available for lease an

631 increase in the federal lands being made available for lease  
632 for oil and natural gas. And so that has continued to  
633 increase and will continue so that the American oil and gas  
634 companies have more access to federal lands.

635 Mr. {Rush.} My time is up.

636 Mr. {Whitfield.} Thank you, Mr. Rush.

637 At this time I recognize the gentleman from Michigan,  
638 Mr. Upton, for 5 minutes.

639 The {Chairman.} Well, thank you, Mr. Chairman.

640 Mr. Secretary, again, welcome. I learned literally in  
641 the last few minutes that apparently President Obama is  
642 personally weighing in on Members of the Senate to vote no on  
643 the Keystone Pipeline amendment, which is going to be an  
644 amendment as part of the highway bill. And I am not happy  
645 about that at all. I will say that for the record we passed  
646 that bill out of this Committee a couple of times with  
647 bipartisan support. We saw the same thing on the House  
648 Floor. Are you weighing in at all with any Senators on this  
649 amendment vote today?

650 Secretary {Chu.} No, I am not.

651 The {Chairman.} I know it has been reported that oil  
652 production on federal lands has dropped 14 percent since  
653 2010. And in reading from the Greenwire last week--let me  
654 just read a couple things to you here--`domestic oil

655 production may be at an all time high nationwide, but the  
656 increase is primarily occurring on state and private lands  
657 rather than on federal land and waters where production  
658 appears to have dropped significantly in 2011. According to  
659 the most recent government data, production of natural gas on  
660 public lands and waters in fiscal year 2011 dropped 11  
661 percent from the previous year," according to the Interior  
662 Department. Oil production dipped nearly 14 percent. The  
663 reduction in oil production was most significant in the Gulf  
664 of Mexico where it declined nearly 17 percent to 514 million  
665 barrels from 618 million barrels the previous year. And in a  
666 chart on oil and gas production on federal lands and waters,  
667 it appears it has declined in oil by 100 million barrels from  
668 2010 to 2011.

669 Now, we agree that sadly, because of our decline in our  
670 economy is the main reason why I think consumption has gone  
671 down. We didn't get the growth; we didn't have the jobs. I  
672 know in my State we had 38 consecutive months of double-digit  
673 unemployment. But as I look at your own EIA, if you look out  
674 the next couple of decades, your department says that we will  
675 be using the same amount of gasoline in 2030 as we are now.  
676 I presume that in large part that is because we are going to  
677 have more energy efficient vehicles, a whole number of  
678 different things that are there that of course we want. But

679 demand can't be the only answer.

680           And I guess my question is that with this oil production  
681 decline on federal lands, people understanding supply and  
682 demand report that you all put out just 2 or 3 weeks ago,  
683 predicted that oil prices would hit 4.25 by Memorial Day. We  
684 are one penny away in my district from \$4 gas, at least this  
685 last weekend, and some predict that we are going to hit \$5  
686 gas as early as perhaps the 4th of July. In large part it is  
687 because of declining production primarily on federal land.  
688 Would you not disagree?

689           Secretary {Chu.} Well, Chairman Upton, I first want to  
690 say that both I and the President and everyone in the  
691 Administration wants very much to do what we can to lower the  
692 price of gasoline because it has a severe effect on the  
693 pocketbooks of Americans. It affects American businesses.  
694 In terms of the federal lands production, what the government  
695 does, as you well know, is we lease land to oil companies and  
696 it is up to them to produce the oil. Currently, they--

697           The {Chairman.} But right now, just to interrupt for a  
698 second, it is proposing a 5-year leasing plan that would  
699 delay sales in the Atlantic or Pacific through at least 2017.  
700 So it is looking for yet another moratorium for 5 more years.  
701 How does that help us?

702           Secretary {Chu.} Well, it is not my understanding. My

703 understanding is a bit different. This is a plan that will  
704 be, for example, in the Gulf of Mexico, the federal  
705 jurisdiction being made available is 75 percent of the area  
706 in the Gulf of Mexico that is under federal jurisdiction.  
707 And so it is a plan to increase the leasing. Now--

708       The {Chairman.} I was in the Gulf last summer and I  
709 went out on a rig that was 120 miles off the coast of  
710 Louisiana. That day they pumped 110,000 barrels. And  
711 looking out a couple miles away there was another drilling  
712 ship that was there and they were waiting for the permits,  
713 just waiting. This was a Chevron rig. They were literally  
714 waiting for weeks and weeks paying millions of dollars every  
715 day so that that ship wouldn't un-anchor and go off to Brazil  
716 where they would never see it again, in essence trying to tap  
717 the same vein that Tahiti drill rig was drilling that  
718 particular day.

719       And the frustration from so many folks there that the  
720 permits are not being approved, this new moratorium is there  
721 knowing that a third of our oil comes from that region. You  
722 have got Keystone literally could be a million barrels a day  
723 that otherwise will go to China. It just seems that we are  
724 turning our back on independence from the rest of the world  
725 that would clearly help our consumers as it relates to their  
726 own pocketbook.

727 And I know my time is expired. I will yield back.

728 Mr. {Whitefield.} Thank you, Mr. Upton.

729 At this time I recognize the gentleman from Michigan,

730 Mr. Dingell, for 5 minutes of questions.

731 Mr. {Dingell.} Mr. Chairman, I thank you for your  
732 courtesy. Welcome, Mr. Secretary, delighted to see you here.

733 I have a number of questions which I will ask that you  
734 respond to by yes or no.

735 It has been a year since your loan program office  
736 approved the loan from the Advanced Technology Vehicles  
737 Manufacturing Program. As you know, that program was created  
738 to provide the auto industry with incentives to build or  
739 expand manufacturing facilities here in the United States  
740 instead of taking those jobs overseas. Loan recipients such  
741 as Ford and Nissan have successfully built and expanded  
742 facilities in Michigan, Tennessee, Illinois, Kentucky, and  
743 other States. Question: Is the loan program office working  
744 to streamline the approval process so that applicants can be  
745 assured they will not be waiting for years to find out if  
746 their application will be approved? Yes or no?

747 Secretary {Chu.} The loan program is working to improve  
748 their processing in all aspects.

749 Mr. {Dingell.} Mr. Secretary, I will ask that you  
750 submit something on this for the record. And I ask unanimous

751 consent that my letter with those questions and your  
752 responses be inserted in the record.

753         Next question: Has the loan program office implemented  
754 any of the recommendations of the Allison Report to protect  
755 taxpayer dollars and to provide a uniform system for  
756 evaluating loan applications? Yes or no?

757         Secretary {Chu.} We have actually begun to change over  
758 the past year and a half many of the things that the Allison  
759 Report discusses. So we internally have been doing that and  
760 we are reviewing all the things that the Committee did. It  
761 is very valuable concentration and we continue to improve our  
762 loan program.

763         Mr. {Dingell.} Now, Mr. Secretary, I am very much  
764 concerned about this. The lack of funding for the Facility  
765 for Rare Isotope Beams, or FRIB, within the Nuclear Physics  
766 Program, I am told that the funds allocated for that program  
767 in fiscal year 2013 budget are not enough for them to start  
768 construction in this year. As of now, the program and the  
769 project is on time and under budget. Furthermore, the  
770 facility will generate 5,000 construction jobs, 400 permanent  
771 scientific positions and have a \$1 billion economic impact.

772         I noticed that in other programs within the Office of  
773 Science, the President is proposing to increase funding for  
774 scientific projects overseas. I believe that we should first

775 ensure that we are meeting our project obligations here at  
776 home before sending our money and scientists abroad. Do you  
777 agree with that?

778 Secretary {Chu.} We are very supportive of FRIB. We  
779 have asked for \$22 million to continue this project going  
780 forward and we hope that Congress votes and appropriates that  
781 money. And so we want this project to continue going  
782 forward.

783 With regard to this other project you spoke about it is  
784 a different part of his--but the thing I do want to point out  
785 is it is an international collaboration but 80 percent of the  
786 funds will be spent in the United States both in national  
787 laboratories, universities, and in industries in the U.S.

788 Mr. {Dingell.} Now, Mr. Secretary, your department has  
789 already invested \$50 million in FRIB. I am concerned about  
790 the progress at FRIB. What is the commitment that the  
791 Department makes with regard to FRIB? Are we going to let it  
792 sort of strangle on the vine or are we going to see to it  
793 that it continues to be funded even though this year we have  
794 not given them enough to commence the construction?

795 Secretary {Chu.} Well, sir, as I said, we think that  
796 FRIB is a worthy project. We have asked for continued  
797 funding and we hope that Congress allows us to have that  
798 funding that we can keep this project going forward.

799 Mr. {Dingell.} Now, Mr. Secretary, you know I have  
800 great affection and respect for you, but you can't lay this  
801 one off on Congress. I am talking about what the budget does  
802 and not what the Congress might do.

803 Now, Mr. Secretary, FRIB will have national security  
804 implications and applications such as studying the detection  
805 of a nuclear weapon or dirty bomb detonation. I do not  
806 believe that we can pursue these types of national security  
807 opportunities and applications at facilities overseas.  
808 Doesn't that tell us that we should put our money here  
809 locally rather than giving it to other countries to do this  
810 kind of critical research in programs that will have such a  
811 significant impact upon our national security?

812 Secretary {Chu.} The funds, as I said, the lion's share  
813 of the funds for ITER, this International Fusion project,  
814 will be spent in the United States but the Department of  
815 Energy agrees as the other ITER partners that this is a very  
816 important experiment that could perhaps unlock fusion energy  
817 for the future.

818 Mr. {Dingell.} Again, Mr. Secretary, with great  
819 affection and respect, we are going to spend some money in  
820 the United States, we are going to build a facility abroad,  
821 and the work and the benefits that will be achieved from this  
822 will be spent abroad and will strengthen foreign scientific

823 applications as opposed to Americans'. I find this  
824 distressing.

825 I thank you for being here. I will follow this up with  
826 a letter indicating further distress to you, Mr. Secretary.  
827 Thank you for your presence.

828 Mr. {Whitfield.} At this time I recognize the gentleman  
829 from Texas, Mr. Barton, for 5 minutes.

830 Mr. {Barton.} Thank you, Mr. Chairman.

831 Again, thank you, Mr. Secretary for being here.

832 In my opening statement I referenced the alternative  
833 energy budget and specifically said concerns about the Loan  
834 Guarantee Program. As you know, we continue to have an  
835 ongoing investigation with regards to Solyndra. At the last  
836 hearing that you attended I believe where the focus was on  
837 Solyndra, you were very supportive of the way the Loan  
838 Guarantee Program had been managed, but I think you did  
839 indicate that there might be some changes forthcoming. Have  
840 there been changes in the way you and your department have  
841 managed the Loan Guarantee Program for alternative energy,  
842 and if so, could you tell us what those are?

843 Secretary {Chu.} Yes, sir. There were changes. Let me  
844 give you a few examples. We know that sometimes the  
845 economics of a particular industry--for example, in the case  
846 of Solyndra solar photovoltaics--can change very rapidly.

847 Forty percent decline in the price of solar modules,  
848 essentially a commodity, in one year; 75, 80 percent decline  
849 in 3 years. And one of the things we now do on a weekly  
850 basis is we look very, very closely at changing market  
851 conditions. We established a Risk Committee that includes  
852 people both within in the loan program and outside the loan  
853 program, subject matter experts in the Department of Energy.

854 Also, I now have a special advisor on financial matters  
855 that looks very closely at this, as, again, an independent  
856 set of eyes to make sure we monitor closely before future  
857 disbursements all the things that could affect the loan,  
858 including things outside the control of an individual company  
859 like this very rapid decline in prices.

860 Mr. {Barton.} Concerning this independent advisor you  
861 just referenced, has he prepared--and if so, could you  
862 present to the Committee for our review--a list of the  
863 additional loan guarantees and the status of those? And what  
864 if any of those might be in danger of following Solyndra in  
865 defaulting and going into bankruptcy?

866 Secretary {Chu.} Well--

867 Mr. {Barton.} I know at least one other has, since  
868 Solyndra, and I am told that there are a number of others  
869 that are on the problem list.

870 Secretary {Chu.} Well, there are companies, again, as I

871 said which we watch very closely because of a wide range of  
872 issues. We also have to respect the confidentiality of any  
873 of the people that we have made loans to or commitments to  
874 make loans to. So--

875 Mr. {Barton.} How about how many loans are on the what  
876 I think you call the ``watch list?'' That shouldn't be  
877 proprietary.

878 Secretary {Chu.} Well, I don't have the exact number  
879 but the--

880 Mr. {Barton.} Is it a double-digit number? You know,  
881 is it between 1 and 10, 10 and 20?

882 Secretary {Chu.} Well, I don't again recall the exact  
883 number. I am going to be briefed by my senior advisor,  
884 Richard Kauffman, on this matter, but again any company that  
885 we think has a chance of being subject to market change or  
886 market conditions, other issues internal within the company  
887 we do watch very closely.

888 Mr. {Barton.} Well, do you think that the American  
889 taxpayer should have a reasonable expectation that all of  
890 these loans should be repaid as opposed to any loan that is  
891 made is just money down the tubes and it is not going to be  
892 repaid. I mean you have to admit that the history so far of  
893 the initial projects has not been good.

894 Secretary {Chu.} First, I do say that the American

895 taxpayer has every right to expect that there is a reasonable  
896 chance for repayment of the loans we give out. I would also  
897 say that many of the loans we have given out have been very  
898 good successes. It has already been mentioned, loans, for  
899 example, to Ford Motor Company, to Nissan--

900 Mr. {Barton.} That wasn't an alternative energy loan.

901 Secretary {Chu.} We have other loans that were--

902 Mr. {Barton.} I don't think they came through your  
903 department either, Mr. Secretary, but--

904 Secretary {Chu.} Sir, actually, the ATVM loans do. But  
905 in regard to alternative energies, there are a number of  
906 loans that we feel and the Allison Report also recognizes  
907 that are low-risk, have a very high probability of being paid  
908 back.

909 Mr. {Barton.} Well, my time is expired but we will  
910 follow up in writing and we will ask that these problem loans  
911 on the watch list be provided to the Committee so that our  
912 people can review them and hopefully work with your agency to  
913 take steps to protect the taxpayer money.

914 Thank you.

915 Mr. {Whitfield.} At this time, I recognize the  
916 gentleman from Massachusetts, Mr. Markey, for 5 minutes.

917 Mr. {Markey.} Thank you, Mr. Chairman.

918 Mr. Secretary, there are only two tools the President

919 has to bring down gas prices right now--deploy the strategic  
920 petroleum reserve and get other countries in the world to use  
921 their strategic petroleum reserves to help to put pressure on  
922 the marketplace; and two, curbing excess speculation in oil  
923 futures markets through the Commodities Futures Trading  
924 Commission. The SPR has proven effective in helping to bring  
925 down prices and we have plenty of oil in the SPR right now,  
926 700 million barrels. You have said, Mr. Secretary, deploying  
927 SPR is on the table as an option. Senator Geithner,  
928 Secretary Salazar have said the same thing, that you have got  
929 it on the table.

930 Now, the oil companies and the Republicans, they oppose  
931 deploying the SPR but their oil-above-all policy doesn't help  
932 drivers right now. None of this oil they are talking about  
933 is coming online this year. And people are looking for  
934 relief at the pump right now. So Mr. Secretary, Senators  
935 Vitter, Hoeven, Lugar, Crapo, and Thune have introduced  
936 legislation that would prevent the President from deploying  
937 any oil from the Strategic Petroleum Reserve until he  
938 approves the Keystone XL Pipeline permit. Do you believe,  
939 Mr. Secretary, that the authority of the President to deploy  
940 the Strategic Petroleum Reserve should depend on the  
941 permitting of the Keystone Pipeline even if Iran cuts off the  
942 Strait of Hormuz and blocks 20 percent of the world's oil

943 supply?

944 Secretary {Chu.} No, I don't.

945 Mr. {Markey.} Do you believe that it makes any sense to  
946 say to our young men and women that we export into the Middle  
947 East to protect this supply of oil that we are not going to  
948 use the weapon we have here in the United States--the  
949 Strategic Petroleum Reserve--in order to keep the price of  
950 oil low and not allow Iran to threaten us unnecessarily?

951 Secretary {Chu.} Well, as you noted, the Administration  
952 has said repeatedly that the Strategic Petroleum Reserve is  
953 on the table but it is a very complex issue.

954 Mr. {Markey.} Right, but it would be a bad idea, would  
955 it not--

956 Secretary {Chu.} Pardon?

957 Mr. {Markey.} --to strip the President of his authority  
958 to use it unless it approved the Keystone Pipeline?

959 Secretary {Chu.} I agree.

960 Mr. {Markey.} Thank you. Now, on the CFTC, the  
961 Republicans have a bill that has come out of Agriculture  
962 Committee and come out of the Financial Services Committee  
963 that would stop all rulemakings to give the CFTC the  
964 authority on speculation, on margins, on position limits, on  
965 gauging, on protecting the public in the futures oil market  
966 where so much of this is just speculation being driven up,

967 driving up the price of oil. Do you think it is a bad idea  
968 to strip the CFTC legislatively of their authority to be able  
969 to protect against gauging in the marketplace?

970 Secretary {Chu.} Well, no one would be in favor of  
971 gauging.

972 Mr. {Markey.} The Republicans believe you don't need  
973 the rulemakings at the CFTC. Are they right or wrong, Mr.  
974 Secretary?

975 Secretary {Chu.} Everyone is very concerned--

976 Mr. {Markey.} No, everyone is not concerned, Mr.  
977 Secretary. The Republicans want to strip out the authority  
978 of the CFTC to go against manipulation, to deal with these  
979 margin issues, to deal with the position limits. Is that a  
980 bad idea?

981 Secretary {Chu.} Well, as I said, if you please let me  
982 finish, everyone is concerned about speculation unnecessarily  
983 driving the price of oil up. This is why the Administration  
984 and one of the things that can counter speculation is more  
985 transparent information, and this is why the Administration  
986 is very focused on that.

987 Mr. {Markey.} So we need the SPR and we need the  
988 Administration to have the authority to be able to crack down  
989 on the speculation, make sure there is more transparency and  
990 no game-playing.

991           And I will also say that there is a proposal out there  
992 to create an international natural gas market. Right now,  
993 you know, Mr. Secretary, there is no natural gas market. The  
994 price of natural gas in China is six to seven times higher  
995 than in the United States. It is three times higher in  
996 Europe than it is in the United States. That is leading to a  
997 boom in manufacturing in our country. It is really leading  
998 to all new planning on natural gas vehicles because the price  
999 is so low and many utilities are really contemplating how  
1000 fast to switch over from coal over to natural gas. There is  
1001 an application for eight new licenses that are before you to  
1002 export this natural gas, which your own agency says could  
1003 raise the price upwards of 54 percent. I urge you to call a  
1004 time-out, Mr. Secretary, to make sure that we get this right.

1005           You had an assistant secretary that made a statement  
1006 last week that really disturbed me. I would urge you not to  
1007 approve these licenses until we put together a plan for the  
1008 United States on liquefied natural gas exported from our  
1009 country.

1010           Mr. {Whitfield.} Gentleman's time is expired.

1011           At this time, I recognize the gentleman from Texas, Dr.  
1012 Burgess, for 5 minutes.

1013           Dr. {Burgess.} I thank the chairman for the  
1014 recognition.

1015 Yes, Secretary, way back here. Let me ask you because  
1016 Mr. Barton was asking you some questions about the loan  
1017 guarantees at Solyndra. When you came to us in November of  
1018 last year it seemed to be news to you that there were  
1019 postponement of layoffs that occurred at the company, those  
1020 postponements to take the layoffs past election day before  
1021 they were announced. And you seem to be surprised that that  
1022 had in fact occurred. And I think if I recall correctly you  
1023 said you were going to look into that, so can you share with  
1024 us the results of your investigation, what information you  
1025 have uncovered as to why those layoffs were postponed past  
1026 the election day?

1027 Secretary {Chu.} We turned the matter over to the IG,  
1028 the Department of Energy IG, and they are looking into the  
1029 matter, and when they tell us what they find, we could share  
1030 that with you.

1031 Dr. {Burgess.} And I pray that you do. But so far have  
1032 you identified any of your staff, Department of Energy, that  
1033 were involved in making that decision?

1034 Secretary {Chu.} No. As I said, we turned the matter  
1035 over to the IG and so that is an independent look at what  
1036 happened.

1037 Dr. {Burgess.} Have you yourself been interviewed by  
1038 the Inspector General on this issue?

1039 Secretary {Chu.} No, I have not.

1040 Dr. {Burgess.} Have you been informed that that is  
1041 likely to happen?

1042 Secretary {Chu.} No, I have not.

1043 Dr. {Burgess.} Are you willing to talk to the Inspector  
1044 General about this?

1045 Secretary {Chu.} I have always cooperated with the IG.

1046 Dr. {Burgess.} Let me ask you a question about the  
1047 Allison Report and Congressman Barton was asking about the  
1048 watch list. Can I just ask you--and I respect the fact that  
1049 you are concerned about some proprietary issues--but would  
1050 you provide to the committee or committee staff this watch  
1051 list, provide the copy of the list to the Committee?

1052 Secretary {Chu.} Well, actually, I was slipped a note  
1053 and I misread it. It appears as though this committee's  
1054 staff will be getting a briefing from Richard Kauffman, my  
1055 special advisor, next week on this, on the loan program and  
1056 the Allison.

1057 Dr. {Burgess.} Is that the full committee staff or just  
1058 the Democratic staff?

1059 Secretary {Chu.} I think it is the full committee  
1060 staff.

1061 Dr. {Burgess.} May I ask as a member of the committee,  
1062 then, that you would have your guys bring that list to that

1063 briefing?

1064 Secretary {Chu.} Well, we will do what we can but again  
1065 we are going to give you a briefing--

1066 Dr. {Burgess.} We need your commitment, sir, that we  
1067 will be able to see that list because it is important as far  
1068 as congressional oversight on this process going forward.

1069 Secretary {Chu.} Well, as I said--

1070 Dr. {Burgess.} We can all be criticized about the way  
1071 things have been handled so far. I would like to be able to  
1072 stop the bleeding at some point. So let me just ask you for  
1073 your commitment to make that list available to the staff.

1074 Secretary {Chu.} We have to look at--again, we don't  
1075 want to violate the company confidentialities. The dynamics  
1076 of what happens to these companies changes very rapidly and  
1077 so it is, again, part of our loan--

1078 Dr. {Burgess.} If I may, sir, the taxpayer has taken a  
1079 pretty bad hit on this, and while I want the companies to do  
1080 well, I think at some point we may have to put the taxpayers'  
1081 needs and wants ahead of those of the companies'. Again, I  
1082 cannot see a reason why you could not bring that list and I  
1083 for one as a committee member am going to be expecting you to  
1084 bring that list.

1085 Let me ask you a question. You have had the chief  
1086 financial officer of your department, the Department of

1087 Energy, had produced a report on uncosted balances in 2010  
1088 and just in the purpose and the background notes at the  
1089 beginning of this report it said your approach was developed  
1090 in '96. As a response to the GAO criticism, the Department  
1091 did not have a standard effective approach for identifying  
1092 excess carryover balances that might be available to reduce  
1093 future budget requests to address this concern. You  
1094 establish percentages thresholds. So where are we with that?  
1095 Are you prepared to produce for this committee those numbers  
1096 that met that percentage threshold that might be available to  
1097 offset the numbers you are requesting in your budget?

1098 Secretary {Chu.} Yes. We have been working very  
1099 aggressively at reducing these uncosted balances in the last  
1100 several years.

1101 Dr. {Burgess.} Well, the GAO estimated that this  
1102 current fiscal year it is in excess of \$680 million from  
1103 carryover programs. What is your justification for asking  
1104 for funding increases in programs with significant carryover  
1105 balances?

1106 Secretary {Chu.} I believe the lion's share of that  
1107 amount has to do with a program, carbon-capture  
1108 sequestration, which means that, according to the statute, we  
1109 need significant private sector investment matching funds of  
1110 over half. And some of that has not materialized. We have

1111 an uncosted balance because if the private sector doesn't  
1112 want to co-invest, there is not much we can do about that.

1113 Mr. {Whitfield.} The gentleman's time has expired.

1114 At this time I recognize the gentleman from California,  
1115 Mr. Waxman, for 5 minutes.

1116 Mr. {Waxman.} Thank you, Mr. Chairman.

1117 Mr. Secretary, people are complaining about the high  
1118 price of gasoline prices, understandably so, and we want to  
1119 help. But do you see any short-term way to lower gasoline  
1120 prices?

1121 Secretary {Chu.} As you said, everybody is concerned  
1122 about the high price of gasoline and diesel fuel and we do  
1123 want to help in any way we can. But as the President said,  
1124 as I have said, there is no single magic bullet that can  
1125 instantaneously do this. And so we work very hard and all  
1126 the tools at our disposal--the most effective tool is that we  
1127 want to improve the efficiency and to diversify the energy we  
1128 use in transportation. The boon in natural gas we think is  
1129 wonderful because we now see and are very supportive and are  
1130 helping offload some of the demand for petroleum onto natural  
1131 gas used in transportation. We see great movement in heavy  
1132 trucking and in delivery trucks, things of that nature.

1133 Mr. {Waxman.} Well, the Republicans have said over and  
1134 over again we just need more oil. If we had more oil, we

1135 wouldn't have this problem. And then, of course, they go on  
1136 to say it is the President's fault we don't have more oil.  
1137 Well, the reality is we are producing more oil in the United  
1138 States than ever before and we are using less because of the  
1139 greater efficiency in the automobiles. So if we had more oil  
1140 and the oil is priced at the world price, would that lower  
1141 the world price?

1142           Secretary {Chu.} Well, the price of oil is very, very  
1143 complex. It is certainly driven by supply and demand. It is  
1144 also affected by uncertainty in the Middle East and several--

1145           Mr. {Waxman.} Well, if we produced more oil and OPEC  
1146 decides to produce less, that won't help us; that will hurt  
1147 us. If we produce more oil and more oil is being demanded by  
1148 China and India, the world is going to divert oil there as  
1149 well. I mentioned in my comments earlier that Canada  
1150 produces more oil than they use and yet they are paying the  
1151 same price for gasoline that we are paying. So it seems to  
1152 me--and you made this point--that we have got to look beyond  
1153 just producing more oil. We have got to look at using less  
1154 oil. And the way to use less oil would be to invest in clean  
1155 energy to diversify and reduce our energy use. It is a tough  
1156 challenge.

1157           The Congress should be helping you and the President  
1158 accomplish that goal. Instead, Republicans in Congress

1159 attack every proposal you and the President make, every idea  
1160 you offer, every initiative you take. For example, battery  
1161 manufacturing is an industry that has been dominated by  
1162 Southeast Asia for decades. The United States has  
1163 essentially no capacity so the Administration changed all  
1164 that. And the way I understand you changed it is to use the  
1165 Recovery Act to incentivize the development of a  
1166 manufacturing supply chain for vehicle batteries.

1167         And here in the United States we have a domestic  
1168 production of the Chevy Volt, innovative, award-winning,  
1169 plug-in hybrid electric vehicles. But the Republicans seem  
1170 to be rooting for failure. They are attacking GM on this  
1171 groundbreaking product. Does it make sense for us to be  
1172 rooting against American manufacturing at a time like this?

1173         Secretary {Chu.} No, of course not. We should all be  
1174 rooting for very innovative products that could be sold  
1175 worldwide. It would show industrial leadership and great  
1176 wealth.

1177         Mr. {Waxman.} It makes just common sense. But this  
1178 isn't the only example. The President proposed a clean  
1179 energy standard to increase the amount of energy we get from  
1180 renewable sources of energy, as well as from nuclear and  
1181 advanced natural gas plants, similar to what Mr. Barton  
1182 proposed from the last Congress. And it is really an all-of-

1183 the-above strategy. But the Republicans don't even want to  
1184 discuss this idea.

1185           The President proposes to eliminate unnecessary  
1186 subsidies for the oil industry. Last year, the top five oil  
1187 companies made \$137 billion in profits. The price of oil is  
1188 over \$100 a barrel. With oil at such a high price, do we  
1189 need to be giving out \$4 billion in tax breaks for oil  
1190 companies each year to have an incentive for them to drill  
1191 more oil? Can you explain that to me?

1192           Secretary {Chu.} I don't believe the oil industry is  
1193 doing very well financially and they have a lot of incentive.

1194           Mr. {Waxman.} They have a lot of incentive now so we  
1195 would be better off repealing those subsidies and using that  
1196 money to develop sources of clean energy that reduce our  
1197 dependence on oil and move us forward to a clean energy  
1198 economy, and yet the Republicans oppose that as well. I  
1199 think the President is on the right track. I appreciate what  
1200 he has been doing. Even though Congress tries to frustrate  
1201 him and I applaud his statements about how we need to move  
1202 forward at this time.

1203           Mr. {Whitfield.} At this time I recognize the gentleman  
1204 from Illinois, Mr. Shimkus, for 5 minutes.

1205           Mr. {Shimkus.} Thank you, Mr. Chairman.

1206           Welcome, Secretary Chu. I love following my friend, Mr.

1207 Waxman, because for us to move in the clean energy world, we  
1208 have to pay for that. Isn't it true, Secretary Chu, that you  
1209 espouse European gas prices for the United States? I mean  
1210 briefly. Yes or no? Have you been quoted saying that it  
1211 would be good for us to have European gas prices?

1212 Secretary {Chu.} At no time when I was Secretary of  
1213 Energy have I ever said--

1214 Mr. {Shimkus.} Okay. Prior to?

1215 Secretary {Chu.} Prior to that I was--

1216 Mr. {Shimkus.} We all know the answer is yes. And  
1217 obviously that is to move to a clean energy future based upon  
1218 Americans paying more at the pump, which is the desire and  
1219 the goal of this Administration. I didn't want to go in that  
1220 direction but my friend from California empowered me to go.

1221 Let me move to--

1222 Mr. {Waxman.} Mr. Shimkus--

1223 Mr. {Shimkus.} No, reclaiming my time. I have got to  
1224 go to--

1225 Mr. {Waxman.} --are you going to give him time to  
1226 answer it?

1227 Mr. {Shimkus.} I would like to reclaim my time.

1228 Mr. Secretary, if the D.C. Circuit rules against the DOE  
1229 in pending Yucca Mountain litigation, will the Department  
1230 abide by that ruling?

1231 Secretary {Chu.} Yes, it will.

1232 Mr. {Shimkus.} If the federal court orders you to  
1233 pursue the Yucca application at NRC, do you have the staff to  
1234 pursue it?

1235 Secretary {Chu.} If the federal court orders us to do  
1236 so, we will do so.

1237 Mr. {Shimkus.} Describe the funds that could be made  
1238 available from the prior years to pursue the application.

1239 Secretary {Chu.} That I would have--

1240 Mr. {Shimkus.} This would include any carryover funds  
1241 that were made available until expended, any unobligated  
1242 balances from prior years' funds that may have been obligated  
1243 but not spent and therefore subject to redirection.

1244 Secretary {Chu.} I would have to get back to you on the  
1245 details.

1246 Mr. {Shimkus.} Would you do that for me, please? Thank  
1247 you.

1248 As you hopefully know, this past Tuesday, the Board of  
1249 County of Commissioners from Nye County, Nevada, unanimously  
1250 sent you a letter notifying you of their consent to host a  
1251 proposed repository at Yucca Mountain and requesting that you  
1252 initiate the cooperative negotiations process recommended by  
1253 the President's Blue Ribbon Commission. And I would like to  
1254 submit that, Mr. Chairman, for the record.

1255 Mr. {Whitfield.} Without objection.

1256 [The information follows:]

1257 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
1258 Mr. {Shimkus.} And will you meet with Nye County to  
1259 initiate a cooperative negotiated process?

1260 Secretary {Chu.} Well, first, we are in the process now  
1261 of reviewing the recommendations of the Blue Ribbon  
1262 Commission. We would also like to work with Members of  
1263 Congress in order to see because the Blue Ribbon Commission  
1264 has said very clearly that they would like to see Congress  
1265 look at a revision of the Nuclear Waste Act. And so--

1266 Mr. {Shimkus.} Well, yeah--

1267 Secretary {Chu.} --these are very important steps--

1268 Mr. {Shimkus.} --we have got the Blue Ribbon  
1269 Commission--we had great testimony here with the  
1270 commissioners. On page 48 it says, ``the importance of the  
1271 local communities,'' and so we have Nye County saying we are  
1272 ready to go into direct negotiation with you and looking at  
1273 what you can able afford to bring to the arena.

1274 On page 48 it says, ``this unwavering local support  
1275 helped to sustain the project during periods when federal and  
1276 state agencies had to work through disagreements over the  
1277 issue.'' So the Blue Ribbon Commission really highlights the  
1278 importance of local communities in saying we will accept this  
1279 nuclear waste. Let us get involved in negotiations. That is  
1280 what your commission suggested. We have a local county that

1281 is taking you up on the offer of the Blue Ribbon Commission.  
1282 I hope that you would then talk to the good folks of Nye  
1283 County and get into negotiations as the Blue Ribbon  
1284 Commission had suggested, which is the commission that you  
1285 asked for.

1286         Secretary {Chu.} Well, we have to set up a process that  
1287 can do this. Certainly, the Blue Ribbon Commission says that  
1288 you need local support. I would also add I think the Blue  
1289 Ribbon Commission said this as well--you also need state  
1290 support. And--

1291         Mr. {Shimkus.} Well, let me quote from this. On page  
1292 48 it says, ``this unwavering local support helped to sustain  
1293 the project during periods when federal and state agencies  
1294 had to work through disagreements over the issue.'' So the  
1295 Blue Ribbon Commission said, you know, Norway, Finland,  
1296 Spain, local communities very helpful in working through the  
1297 disagreements from the States or the national government. I  
1298 think that we have a local community that is fulfilling the  
1299 intent as identified by the Blue Ribbon Commission. I would  
1300 think that the Department of Energy would welcome that  
1301 because the Blue Ribbon Commission said two things, right?  
1302 It said that we are not disregarding Yucca. We have so much  
1303 nuclear waste we need a second long-term geological  
1304 repository.

1305 Secretary {Chu.} Right.

1306 Mr. {Shimkus.} That is what it said.

1307 Secretary {Chu.} They did say that and we welcome a  
1308 local community's support.

1309 Mr. {Shimkus.} So you will welcome Nye County when they  
1310 come visit with you?

1311 Secretary {Chu.} You are looking for a very big answer.  
1312 Again, I think we need to set up a procedure so that we can  
1313 deal with this thing as rapidly as possible.

1314 Mr. {Shimkus.} I would hope you would consider Nye  
1315 County.

1316 Mr. {Whitfield.} The gentleman from Texas, Mr. Green,  
1317 is recognized for 5 minutes.

1318 Mr. {Green.} Thank you, Mr. Chairman. And I regret our  
1319 ranking member from California on our side is not here  
1320 because I know this is not Ways and Means Committee but, you  
1321 know, I know California benefits from the high-tech industry  
1322 and motion picture industry and they have been pretty  
1323 financially successful. And I don't know if we are going to  
1324 take away their incentives for producing their products in  
1325 our country like I hear all the time on oil and gas. I would  
1326 like to have those incentives continue.

1327 But let me ask you one specific question. For many  
1328 years, the Texas Center of Superconductivity at the

1329 University of Houston has been doing great work in a field  
1330 that shows promise. From 1993 to 2011, the Federal  
1331 Government financially supported the need for continuing  
1332 science and development demonstrations in this field to keep  
1333 the technology leadership in the U.S. and laid the foundation  
1334 for the growth of well paying research and manufacturing  
1335 jobs. Unfortunately, the line item for superconductivity  
1336 technology funding was eliminated 2 years ago. What is the  
1337 U.S. Government and the DOE doing to maintain that U.S.  
1338 competitive advantage on superconductor technology that will  
1339 have a major impact on energy generation, transmission,  
1340 storage in light of the substantial overseas government  
1341 investment to push technology in the commercial products?  
1342 What is DOE doing with--

1343 Secretary {Chu.} In the Department of Energy we support  
1344 research in superconducting technology primarily in the  
1345 Office of Science. We continue to do this. Many of the  
1346 discoveries made in superconductivity and the understanding  
1347 is developed in the United States. We think this has great  
1348 promise and we will continue to support that research.

1349 Mr. {Green.} Okay. I will probably get a letter to you  
1350 and ask you about that because having watched what happened  
1351 with another Dr. Chu at University of Houston for many years  
1352 and the success they have done both with state funding and

1353 with federal funding. I appreciate it.

1354           The President's fiscal year 2013 budget includes an  
1355 inner-agency study that the DOE, EPA, and U.S. Geological  
1356 Service are partnering on to examine environmental and health  
1357 effects of hydraulic fracturing. Can you explain the purpose  
1358 behind this study and how is different than what the EPA has  
1359 been already doing? And then what is your Energy Advisory  
1360 Board has already addressed, that combination of the inner  
1361 agencies compared to what EPA has done and what Department of  
1362 Energy has already done with their Energy Advisory Board?

1363           Secretary {Chu.} Well, the Subcommittee of the  
1364 Secretary of Energy Advisory Board felt that the Department  
1365 of Energy, in collaboration with other agencies--notably  
1366 USGS--would be in a good position to help industry develop  
1367 the natural gas and oil resources safely. We want to see  
1368 those resources developed but we want to see them developed  
1369 in an environmentally safe way. So we are requesting funding  
1370 to help the companies extract those resources in an  
1371 environmentally responsible way.

1372           Mr. {Green.} And believe me, in Texas we want to  
1373 extract it safely. I know there are some things that we need  
1374 to work on. The state law actually changed in Texas  
1375 requiring posting of the ingredients. You know, I know  
1376 companies already published them or had them available

1377 through OSHA requirements. But will there be peer review and  
1378 stakeholder input incorporated into this study?

1379 Secretary {Chu.} Absolutely. We feel that this is  
1380 using science to help develop new methodologies again so we  
1381 can continue to extract natural gas, but as we both agree in  
1382 an environmentally safe way. And so it is these very rapidly  
1383 improving technologies that I think you and I both agree can  
1384 be done.

1385 Mr. {Green.} Carbon capture and sequestration is  
1386 constantly discussed in a context that can possibly be used  
1387 as carbon control technology under the EPA rules for  
1388 utilities and refiners. The problem is it is still too  
1389 expensive to commercially be used. Can you describe current  
1390 DOE carbon capture and sequestration activities?

1391 Secretary {Chu.} Yes, I can. But unfortunately there  
1392 is 47 seconds. I could do it in probably 4 hours. But let  
1393 me just briefly say that we are very committed and focused to  
1394 reducing those costs, reducing them greatly so that one can  
1395 continue using our fossil fuel resources.

1396 Mr. {Green.} Okay. Mr. Chairman, I know I am out of  
1397 time but CCS still is not commercially viable but hopefully  
1398 we can get to that point sometime before you get mandates  
1399 there that at least the technology needs to be there.

1400 Thank you, Mr. Chairman.

1401 Mr. {Whitfield.} Thank you very much.

1402 At this time I recognize the gentleman from California,  
1403 Mr. Bilbray, for 5 minutes.

1404 Mr. {Bilbray.} Thank you, Mr. Chairman.

1405 Secretary, I am still very happy that you are where you  
1406 are not just because you are a Californian but you have been  
1407 brave enough to stand up on energy issues that were  
1408 politically incorrect, pointing out the great shortfalls with  
1409 ethanol and the great opportunity of nuclear power. And I am  
1410 glad to hear you talk about the small reactors. Hopefully,  
1411 the initiative with the United States Navy and Navy bases  
1412 will look at that opportunity. In San Diego, we have 20  
1413 nuclear reactors within a mile of downtown San Diego being  
1414 run by 20-something-year-old kids. But we can't power our  
1415 streetlights with it yet.

1416 But let me just say this. I think there are a lot of  
1417 partisan cheap shots always go back and forth across here, so  
1418 let me try to bridge the gap and find a place where  
1419 Democrats, Republicans, independents and Americans across the  
1420 board can agree, and most importantly you. You agree that  
1421 the crisis with finding a replacement for gasoline is a  
1422 supply, how clean it is, and the infrastructure to be able to  
1423 distribute it, major problem. I am a big ethanol guy,  
1424 opposed to it, and the environmental issues and the supply

1425 issues and the infrastructure issues I have a real problem  
1426 with. But algae, which I have supported strongly, is very  
1427 clean but we don't have supply and won't have supply in a  
1428 long time, and it is compatible with the infrastructure. But  
1429 we have natural gas, which we have massive sources of, it is  
1430 super clean--it is even cleaner than propane, which is  
1431 permissible under federal law to be used in interior spaces--  
1432 and the thing we miss out is that 85 percent of the urban  
1433 homes in America are plumbed with natural gas. The  
1434 infrastructure is there. The trouble is you have a 3-foot  
1435 barrier between the water heater and the car parked in the  
1436 garage and we have not bridged that gap.

1437         And all of the money we have spent and we are proposing  
1438 to spend, are you looking at what we are doing for research  
1439 and development of home dispensing to allow the American  
1440 consumer not 20, 30 years from now but 10 years from now to  
1441 be able to say I don't want to fill up with gasoline; I am  
1442 going to plug in my car and fill up with natural gas over the  
1443 night. What in your budget is committed to bridging that 3-  
1444 foot gap between the automobile and energy independence in  
1445 the next decade and the water heater that 85 percent of city  
1446 dwellers use today?

1447         Secretary {Chu.} I am very glad you asked that  
1448 question. The programs we have in our budget are in energy

1449 efficiency, renewable energy, and also in ARPA-E.  
1450 Specifically, what we are doing about that--and I share your  
1451 excitement that our abundant natural gas in the United  
1452 States, which looks to remain at low prices for at least  
1453 another decade or two--has a great opportunity to help with  
1454 transportation costs, to reduce the transportation costs.  
1455 And so what we are specifically doing in terms of the home  
1456 use is that right now the barrier, beyond that wall, it is  
1457 the cost of the natural gas tank. Honda sells a Honda Civic,  
1458 natural gas, but that carbon tank is very expensive. So we  
1459 are--

1460 Mr. {Bilbray.} You are talking about the tank in the  
1461 vehicle.

1462 Secretary {Chu.} In the vehicle.

1463 Mr. {Bilbray.} I am not talking about the tank in the  
1464 vehicle. I drove a natural gas with that tank in 1992. This  
1465 isn't brain surgery. I am talking about the home dispensing  
1466 pump that will be able within the nighttime, 6 hours, bring  
1467 the pressure up from the home into the tank of the car. Is  
1468 there anything in your budget that specifically is addressing  
1469 an aggressive attitude towards that home dispensing pump so--

1470 Secretary {Chu.} Yeah.

1471 Mr. {Bilbray.} --they can get it at their house every  
1472 night?

1473 Secretary {Chu.} Yes, there is but I was taking too  
1474 long to explain it. So the short answer is the commercially  
1475 available pump has to be able to pump to 3,500 pounds per  
1476 square inch, 4,000 pounds per square inch. It is very, very  
1477 expensive and after 3,000 equivalent gasoline miles it has to  
1478 be refurbished for another couple thousand dollars. So it is  
1479 like \$6,000 for the dispenser and then after a while you have  
1480 got to send it back to the factory. The tank we are trying  
1481 to develop is something that can allow compression at not  
1482 3,500 pounds per square inch but maybe several hundred pounds  
1483 per square inch. We know that when you decrease the pressure  
1484 to that and still have the range, then things become very  
1485 inexpensive and accessible. And so that is what I was trying  
1486 to get at.

1487 Mr. {Bilbray.} Isn't it true that if we had home  
1488 dispensing the big advantage with this is flex fuel? You do  
1489 not have to have twin systems in the car. The same system  
1490 that would burn natural gas has the ability to burn regular  
1491 gasoline with a flip of the switch?

1492 Secretary {Chu.} That is true. You just need two  
1493 tanks, one for the natural gas--

1494 Mr. {Bilbray.} Right.

1495 Secretary {Chu.} --and one for the--

1496 Mr. {Bilbray.} But you don't have to have separate

1497 motors?

1498 Secretary {Chu.} Correct.

1499 Mr. {Bilbray.} Thank you.

1500 Mr. {Whitfield.} The gentleman's time is expired.

1501 The gentleman from Pennsylvania, Mr. Doyle, is

1502 recognized for 5 minutes.

1503 Mr. {Doyle.} Thank you, Mr. Chairman.

1504 Secretary Chu, thank you and thank you for being with us

1505 today.

1506 Mr. Secretary, the National Energy Technology lab in

1507 Pittsburgh is funded by your department's Office of Fossil

1508 Energy, and unfortunately, the President's fiscal year 2013

1509 budget request continues the very troubling trend of

1510 decreasing the Department's fossil energy budget. A large

1511 portion of the research at the NETL is in advanced coal

1512 technologies. In fiscal year 2010 the coal portion of the

1513 fossil energy budget was \$404 million but the fiscal year

1514 2013 request is only 240 million, representing a 41 percent

1515 reduction in funding for advanced clean coal and R&D.

1516 Specifically, the President's fiscal year 2013 request zeroes

1517 out critical research in fuel cells and fuels programs and

1518 significantly reduces funding for carbon capture, carbon

1519 storage, and advanced energy systems and cross-cutting

1520 research. Some of these cuts appear to be especially poorly

1521 timed.

1522 Mr. Secretary, are you aware that the EPA is preparing  
1523 to issue a proposed rule any day now setting emission limits  
1524 for greenhouse gases from coal-fired power plants?

1525 Secretary {Chu.} I am not sure of the exact timing of  
1526 the EPA's schedule.

1527 Mr. {Doyle.} But it is imminent? And to the best of  
1528 your knowledge, Mr. Secretary, that rule will require coal-  
1529 fired power plants to either capture their carbon emissions  
1530 or utilize pre-combustion technology that allows them to emit  
1531 less carbon to begin with. Yes or no?

1532 Secretary {Chu.} I think it is mostly--I would have to  
1533 get back to you on the exact ruling that the EPA is  
1534 contemplating and see.

1535 Mr. {Doyle.} Well, I guess what I am trying to say is  
1536 we can't have it both ways here. I support EPA's effort to  
1537 reduce greenhouse gases but if the Administration is going to  
1538 issue a regulation requiring carbon capture and sequestration  
1539 from power plants this year, can you explain to us why the  
1540 budget request for carbon capture and sequestration is the  
1541 lowest this Administration has ever requested?

1542 Secretary {Chu.} Well, we are very supportive and I am  
1543 personally very supportive of carbon capture and  
1544 sequestration, as you probably know. And we think this is

1545 still a very important part of what we do in the Department  
1546 of Energy. We remain committed to developing the  
1547 technologies to lower the cost so we can continue using our  
1548 abundant fossil fuel.

1549 Mr. {Doyle.} Well, it just seems to me that if we are  
1550 going to ask our power sector to reduce their greenhouse gas  
1551 emissions, which I support, but at the same time we are  
1552 nearly eliminating the research funding for the technologies  
1553 that do this, I just think it is not fair or there is a lack  
1554 of coordination going on between EPA and the Department of  
1555 Energy.

1556 Mr. Secretary, let me ask you another question. This  
1557 Administration has championed regulations to reduce pollution  
1558 for power plants and from idling trucks. One way to do this  
1559 is using solid oxide fuel cell technology, which is being  
1560 developed through the Solid State Energy Conversion Alliance  
1561 in the Office of Fossil Energy. This program is developing  
1562 and commercializing technology to produce highly efficient  
1563 power from natural gas and eliminate idling emissions with  
1564 auxiliary power units. Seeing as this technology could be  
1565 used to meet regulations coming from the Administration, can  
1566 you explain to us why the funding for this program was  
1567 eliminated in the President's fiscal year 2013 budget?

1568 Secretary {Chu.} Well, solid oxide fuel cells have made

1569 tremendous progress. We are very excited about this. There  
1570 are both major and smaller companies that are heavily  
1571 investing in this and we think it is evolving to the point  
1572 where the private sector is taking this over rather well.  
1573 And so we actually applaud the development. Most of the  
1574 applications, by the way, of solid oxide fuel cells will be  
1575 stationary applications, auxiliary power, other things. But  
1576 we do like that.

1577         Mr. {Doyle.} Well, Mr. Secretary, you probably know  
1578 South Korea has made solid oxide fuel cells a major part of  
1579 their clean energy plan and we have just completed--not with  
1580 my vote--a free trade agreement with South Korea resulting in  
1581 lower tariffs and quotas and easing trade relations. Are you  
1582 concerned that eliminating support for this technology here  
1583 in the United States will drive that industry overseas to  
1584 South Korea?

1585         Secretary {Chu.} I certainly hope not. But if I look  
1586 to the United States and the manufacturers in the United  
1587 States--for example, United Technologies, Rolls-Royce  
1588 America, others--some very significant players in the  
1589 development of this solid oxide fuel cell technology. And so  
1590 we are very hopeful that the United States can manufacture  
1591 these fuel cells and sell them not only in the United States  
1592 but abroad as well.

1593 Mr. {Doyle.} I hope that is right. Mr. Secretary,  
1594 thank you for your time. I appreciate you being here.

1595 I yield back.

1596 Mr. {Whitfield.} At this time, I recognize the  
1597 gentleman from West Virginia, Mr. McKinley, for 5 minutes.

1598 Mr. {McKinley.} Thank you, Mr. Chairman. And with due  
1599 respect for time I am a little concerned.

1600 When the Department of Energy was formed in 1977 under  
1601 the Organizational Act of 1977, there were three paragraphs I  
1602 found interesting with it. The first was it was set up  
1603 because the increasing dependence on foreign energy supplies  
1604 presents a serious threat to the national security of the  
1605 United States, health, safety, and welfare of its citizens.  
1606 It was also charged to provide for a mechanism to deal with  
1607 short-, mid-, and long-term energy problems, okay, of the  
1608 Nation. And I think we can see long-term we are going with  
1609 renewable. Short-term I think we should be worried about  
1610 coal. The third is to foster the continued good health of  
1611 the Nation's small business firms, public utility districts,  
1612 municipal utilities, private corporations, private  
1613 cooperatives involved in energy production.

1614 Mr. Secretary, I think you have gone away from those  
1615 principles. I think you have allowed what we heard earlier  
1616 with some of the testimony about the use of the EPA, their

1617 predictions of their greenhouse gas closures of plants that  
1618 were talked about here that were said that the EPA says only  
1619 this level. So based on this level compared to all the other  
1620 national organizations, EPA has been emboldened to continue  
1621 to drive for greenhouse gas emissions when all the others are  
1622 saying if you do that, you are going to see the closures that  
1623 are occurring like this all across America, that this  
1624 questioning--they are challenging the reliability of our  
1625 energy across America based on that information. I am  
1626 concerned that whether or not you have in fact a real  
1627 interest in reining in a rogue agency that is allowing this  
1628 kind of activity without based on science and agreeable  
1629 comprehensive knowledge of how all the other people are  
1630 looking at it across America.

1631 I go back to your remark that you made at the NETL in  
1632 Pittsburgh and you said I want all of the above. I applaud  
1633 that I just wish it were backed with action because I want to  
1634 go back to your statement that you made back in '07 when you  
1635 said, ``coal is my worst nightmare.'' ``Coal is my worst  
1636 nightmare.'' And we have the comment here from Harry Reid.  
1637 ``Coal makes us sick; oil makes us sick. It is ruining our  
1638 country. It is ruining our world.'' Coal and oil? Is that  
1639 the mindset of why on the short-term goal you have abandoned  
1640 that and cutting the research money as Mr. Doyle just said 41

1641 percent reduction in spending on R&D in coal? I am awed. I  
1642 just can't comprehend where this Administration and you and  
1643 your leadership are with it, with all due respect.

1644         With all due respect, Mr. Secretary, I think the DOE and  
1645 the EPA have become the worst nightmare for the working men  
1646 and women in our coal fields across America. What you are  
1647 doing is challenging them, causing them to not know whether  
1648 tomorrow they are going to have a job. I really do hope you  
1649 go back to the requirements of the DOE and look at the short-  
1650 term requirements. And those short-term requirements looked  
1651 at coal and taking care of the families for the life, safety,  
1652 and welfare of the American public and our national security.

1653         Secretary {Chu.} Let me try to explain what I said.  
1654 That was taken out of context, the quote. And what I said is  
1655 that coal, as it is being used today, as it is being used  
1656 today in China and India and everywhere around the world in  
1657 terms of its pollutants is a big worry of mine. And so that  
1658 is why--even before I became Secretary but certainly after I  
1659 became Secretary--I remain very committed to developing those  
1660 technologies to bring the prices down so that we can continue  
1661 to use resources--

1662         Mr. {McKinley.} Okay. I just hope, Mr. Secretary, you  
1663 will be able to get back to Mr. Doyle and others and be able  
1664 to explain how we have a 41 percent reduction with National

1665 Energy Technology.

1666 Let me just in the 36 seconds, will you be able to get  
1667 back to us as to what--we hear a lot of the folks on the  
1668 other side talk about how fossil fuel, particularly coal, is  
1669 subsidized. Will you be able to tell us how American coal  
1670 companies are being subsidized?

1671 Secretary {Chu.} I will be glad to get back to you on  
1672 that.

1673 Mr. {McKinley.} Thank you very much.

1674 I yield back my time.

1675 Mr. {Whitfield.} Thank you.

1676 At this time, I recognize the gentleman from New York,  
1677 Mr. Engel, for 5 minutes.

1678 Mr. {Engel.} Thank you very much, Mr. Chairman.

1679 Mr. Secretary, let me first say that I am one person who  
1680 has followed you and I think you are doing a fine job and I  
1681 think your agency is doing a fine job and I think there have  
1682 been a lot of political cheap shots at you, unfortunately,  
1683 and the Administration from the other side of the aisle and I  
1684 just don't think that is reflective of the job that you are  
1685 doing. So I wanted just to say that.

1686 I want to also spend the next minute talking to you  
1687 about an issue that you and I have spoken about in the past  
1688 and that is open fuel standard for cars. I believe--and I am

1689 doing a bill with Mr. Shimkus--that every car produced in  
1690 America should be a flex fuel car. I believe if a car can  
1691 run on ethanol, methanol, gasoline, natural gas, whatever,  
1692 competition helps bring down prices and it would bring down  
1693 prices. I have seen that happen in Brazil and I think it  
1694 could happen here. And it would cost \$100 or less per car to  
1695 manufacture a car with flex fuel features. I know the  
1696 President has issued an executive order to have the federal  
1697 fleet be flex fuel cars, and I would hope we can continue to  
1698 move in that direction. So I would just like you to briefly  
1699 comment on that if you could.

1700 Secretary {Chu.} Certainly. The ability to own a flex  
1701 fuel vehicle, especially if the cost of the new car would be  
1702 something, as you indicated, \$100 or less gives the American  
1703 consumer more options. It makes them more in control of what  
1704 they can do just in case the world oil price does increase.  
1705 As we said, we are very concerned about the price of gasoline  
1706 and one of the options that we have to bring relief to the  
1707 American public is to allow them to have a diverse source of  
1708 energy for transportation. And a flex fuel vehicle allows  
1709 that.

1710 Natural gas, also very enthusiastic about. And so the  
1711 ability to have this conversion, you can fill up with natural  
1712 gas, fill it up with higher blends of ethanol is something

1713 that will help American businesses and consumers.

1714 Mr. {Engel.} Thank you very much. I couldn't agree  
1715 more.

1716 Let me ask you about renewable energy investment. A  
1717 survey of global climate policies by Georgia Bank included  
1718 that clean tech innovations are more likely to emerge and  
1719 succeed in Brazil, China, India, Germany, and the U.K. than  
1720 they are in the U.S. These countries have used a combination  
1721 of investments and national energy standards, tariff  
1722 standards, and a price on carbon. According to Ernst &  
1723 Young, China now leads the world as both the largest source  
1724 of and destination for clean energy investment. China  
1725 attracted 54 billion clean energy financing in 2010, which is  
1726 a 39 percent increase over '09 and such financing in the U.S.  
1727 stagnated last year at 34 billion, approximately equal to  
1728 2007 levels.

1729 Your budget proposes to invest in energy efficiency,  
1730 renewable energy technologies, science, and clean energy  
1731 research development and deployment and it eliminates 40  
1732 billion over 10 years in tax subsidies to Big Oil, with which  
1733 I agree. Big Oil is making record profits and they don't  
1734 need the tax subsidies. However, some people have argued  
1735 that if you eliminate subsidies for Big Oil it means the  
1736 government is wrongly in the business of picking winners or

1737 losers. They say--I don't agree--but they say that if we  
1738 remove these subsidies for Big Oil, then out of fairness, we  
1739 should remove subsidies from every other specific industry or  
1740 business, green technologies or whatever. How do you respond  
1741 to this?

1742 Secretary {Chu.} Well, I think the government over the  
1743 past decade--really over the past century--has always looked  
1744 at subsidies and it is a part of Congress and the President  
1745 to try to decide what will be appropriate subsidies but also  
1746 how long. The subsidies have been used in the past to  
1747 encourage new industries to get started. And so the oil  
1748 subsidies began roughly 100 years ago and for the express  
1749 intent of actually helping this industry get started. But as  
1750 you pointed out, they are doing very well on their own.

1751 Mr. {Engel.} Yeah, they did make 137 billion last year.

1752 Secretary {Chu.} Right.

1753 Mr. {Engel.} I mean God bless them, but I don't think  
1754 they need any help from the government anymore.

1755 Let me ask you this. About 2/3 of the Department of  
1756 Energy's budget is directed at nuclear weapons or nuclear  
1757 cleanup activities, and there are some who argue that those  
1758 activities would be better handled by the Department of  
1759 Defense, by DOD. How do you respond to that?

1760 Secretary {Chu.} Well, I respectfully don't agree with

1761 that. I think the nuclear weapons and the nuclear cleanup  
1762 needs a very science-based approach to this, that we have  
1763 felt since the Manhattan Project a lot of expertise. I think  
1764 that we should continue to have it within the NNSA and also  
1765 within the Department of Energy, Environmental Management.

1766 Mr. {Engel.} Again, thank you. Thank you very much,  
1767 Mr. Secretary, and again thank you for the good job that you  
1768 are--

1769 Mr. {Whitfield.} Recognize the gentleman from Colorado,  
1770 Mr. Gardner, for 5 minutes.

1771 Mr. {Gardner.} I thank the Chairman for his time. And  
1772 thank you, Secretary Chu, for your time and testimony today.

1773 A couple of questions. We heard our colleague from  
1774 Massachusetts refer to the impact the Strategic Petroleum  
1775 Reserve had on the price of oil. When that was released, it  
1776 reduced the price of gas at the pump?

1777 Secretary {Chu.} You are talking about the last--

1778 Mr. {Gardner.} Yeah, in June of 2011 the price did  
1779 drop.

1780 Secretary {Chu.} Yes.

1781 Mr. {Gardner.} Okay, thank you. And is the President  
1782 considering releasing--you said it before--he is considering  
1783 releasing the SPR right now to respond to gas prices?

1784 Secretary {Chu.} As we said, that option remains on the

1785 table.

1786 Mr. {Gardner.} Is the SPR intended to be used only  
1787 during times of severe supply disruptions and real  
1788 emergencies?

1789 Secretary {Chu.} It is a little more complicated than  
1790 that but that is the primary use. There also are--

1791 Mr. {Gardner.} Do those circumstances exist now?

1792 Secretary {Chu.} Let me just finish. Certainly, the  
1793 primary use is for supply disruption. There are also issues  
1794 for severe economic disruptions--

1795 Mr. {Gardner.} Due to a severe energy disruption,  
1796 correct?

1797 Secretary {Chu.} Not--well, for example, we released  
1798 SPR before when there was--

1799 Mr. {Gardner.} For Hurricane Katrina?

1800 Secretary {Chu.} Yeah.

1801 Mr. {Gardner.} Do we have a hurricane that is taking  
1802 refineries out now?

1803 Secretary {Chu.} No, we don't.

1804 Mr. {Gardner.} Okay, thank you. The President said  
1805 yesterday that the only solution to high gas prices is  
1806 decreased demand. Last year, though, together with our  
1807 allies, 60 million barrels of the world's strategic reserve  
1808 was released. The price of oil dropped by \$4 from \$95, and

1809 even though it returned to \$95 6 days later, supply made a  
1810 difference. Don't you agree?

1811 Secretary {Chu.} I think the supply did make a  
1812 difference but--

1813 Mr. {Gardner.} On July 14, 2008, when President Bush  
1814 lifted the moratorium, the price of oil dropped \$9, more than  
1815 two times the drop from the SPR release last year and it kept  
1816 going down even though people knew that the increased  
1817 supplies would not come online for years. The anticipation  
1818 of supply made a difference, didn't it?

1819 Secretary {Chu.} That is true.

1820 Mr. {Gardner.} If long-term decreased demand has an  
1821 effect on price, then don't the basic laws of supply and  
1822 demand dictate that so will long-term increased supplies?

1823 Secretary {Chu.} I absolutely agree. Long-term--

1824 Mr. {Gardner.} So if you are going to pursue short-term  
1825 policies such as using the SPR for market manipulation,  
1826 shouldn't you at a minimum couple that with long-term supply  
1827 solutions such as increased production?

1828 Secretary {Chu.} Well, as you yourself are pointing  
1829 out, the primary uses of the SPR are to deal with supply  
1830 interruptions and other economic emergencies.

1831 Mr. {Gardner.} So we would need a long-term supply  
1832 solution because you have said that supply matters?

1833 Secretary {Chu.} We need a long-term supply solution--

1834 Mr. {Gardner.} And we need to increase supply at that

1835 point--

1836 Secretary {Chu.} The world--

1837 Mr. {Gardner.} --is that correct?

1838 Secretary {Chu.} --needs a long-term demand solution as

1839 well to--

1840 Mr. {Gardner.} If you--

1841 Secretary {Chu.} --moderate our demand.

1842 Mr. {Gardner.} --increase supply, it will decrease

1843 cost. That is what you have admitted to; that is what the

1844 SPR did. Is that correct?

1845 Secretary {Chu.} I agree that both supply and demand

1846 matter.

1847 Mr. {Gardner.} Thank you. And last year, when you drew

1848 down from the SPR, oil prices were \$95. You haven't replaced

1849 those 30 million barrels, have you?

1850 Secretary {Chu.} No, we didn't.

1851 Mr. {Gardner.} How do you plan to replace those barrels

1852 now that the price of oil is even higher?

1853 Secretary {Chu.} There is a plan put forward in our

1854 fiscal year 2013 budget over a period of years to begin to

1855 buy back that oil.

1856 Mr. {Gardner.} So you are buying back that oil but not

1857 increasing production. What about the Royalty-In-Kind  
1858 program Secretary Salazar's office was in charge of?

1859 Secretary {Chu.} I am not intimately aware of that.

1860 Mr. {Gardner.} You are not familiar with it? Will you  
1861 meet with Secretary Salazar to reinstate the Royalty-In-Kind  
1862 program so that these barrels of oil can be replaced before  
1863 you draw down again?

1864 Secretary {Chu.} I will certainly get informed of the  
1865 situation.

1866 Mr. {Gardner.} Would you please report to us about your  
1867 conversation--

1868 Secretary {Chu.} Sure.

1869 Mr. {Gardner.} --with the Department of Interior?

1870 Based on what the President said yesterday and this morning  
1871 at a press conference he called it phony to try to get down  
1872 to \$2 in gasoline. Is it phony to want to reduce the price  
1873 of gasoline?

1874 Secretary {Chu.} I think the President is very clear as  
1875 I have been very clear. We do want the price of gasoline to  
1876 go down.

1877 Mr. {Gardner.} And we need to do that by increasing  
1878 supply, as you have said, by releasing the SPR or perhaps  
1879 increasing domestic production?

1880 Secretary {Chu.} Well, as the President is pointing

1881 out, as many people in this session have pointed out, the  
1882 United States' supply by itself is not going to--it will  
1883 affect the world's demand--

1884 Mr. {Gardner.} Like the release of SPR?

1885 Secretary {Chu.} But it in itself doesn't control it.

1886 We certainly--

1887 Mr. {Gardner.} But you said that increased supply  
1888 decreases price as exemplified by the SPR?

1889 Secretary {Chu.} But as you well know, the production  
1890 of U.S. petroleum products, petroleum has increased over the  
1891 last 8 years and yet the price has--

1892 Mr. {Gardner.} So the SPR didn't then cause gas prices  
1893 to go down like you just said it did. We know it did and you  
1894 have said that supply causes prices to go down.

1895 Secretary {Chu.} SPR release caused a--there was a  
1896 short-term--if you look at the historical record--

1897 Mr. {Gardner.} Because of a supply infusion into the  
1898 market?

1899 Secretary {Chu.} No, I think it--

1900 Mr. {Gardner.} So it wasn't supply?

1901 Secretary {Chu.} If you would let me finish. So what  
1902 happened--

1903 Mr. {Whitfield.} Sorry, the gentleman's time is  
1904 expired.

1905           At this time I recognize the gentleman from Washington  
1906 State, Mr. Inslee, for 5 minutes.

1907           Mr. {Inslee.} Mr. Secretary, if you would like to  
1908 finish your answer you weren't given an opportunity go ahead  
1909 if you would like to do that.

1910           Secretary {Chu.} Yes. Very quickly, during that  
1911 release and an international coordinated release and the IEA,  
1912 the SPR was meant to deal with the temporary disruption in  
1913 supply with Libya. And now Libya is coming back in petroleum  
1914 reserves and the SPR release served its intended purpose.

1915           Mr. {Inslee.} And Mr. Secretary, I appreciate the work  
1916 you are doing on advanced forms of energy. Bill Gates was at  
1917 our Advanced Energy Research Consortium last week talking  
1918 about the need for greater national investment. And I  
1919 certainly echo that, and I appreciate you to the extent  
1920 possible advancing that cause.

1921           I want to ask you specifically about biofuels. There is  
1922 a potential bioreactor. We are looking at various  
1923 bioreactors either commercial or pre-commercial. We are  
1924 ready to go out into the Northwest. Could you comment? And  
1925 obviously, I would like you to come out and take a look at  
1926 our state opportunities in that regard. What should be in  
1927 the near term for bioreactors?

1928           Secretary {Chu.} Sure. We think the idea of making

1929 transportation liquid fuel using biological sources has great  
1930 promise. And the Department of Energy over the years has  
1931 been supporting this. And we think that these technologies  
1932 do have--you know, from algae, from grasses, from using  
1933 residual agricultural waste, all these things have the  
1934 potential again of having alternative supply of  
1935 transportation fuel that would go further to our less  
1936 dependency on oil and especially less dependency on foreign  
1937 oil because these things can be made in the United States.

1938         Mr. {Inslee.} So we like the idea of bio-refineries, a  
1939 product designed by Targeted Growth, a company in Seattle was  
1940 the first bio-fueler to partially fuel a jet, Boeing 747 flew  
1941 across the Atlantic Ocean last summer, first ever in human  
1942 history.

1943         So Washington State University and others are leading a  
1944 consortium of Boeing and Alaska Airlines to work for a bio-  
1945 refinery out in the Northwest. What could you advise us to  
1946 try to make sure the Department of Energy looks at the State  
1947 of Washington as far as an opportunity there?

1948         Secretary {Chu.} We will certainly look at that  
1949 particular project but we will look at all the projects. And  
1950 I have a real avid interest in this because I think it does  
1951 have great potential for decreasing our dependency on oil.  
1952 And we will need liquid transportation fuel in the coming

1953 decades as I would say in this century.

1954           Mr. {Inslee.} I think you will find out in Washington  
1955 State probably about as an advanced consortium from the  
1956 genetic designer to the grower to the aeronautics company  
1957 ready to accept delivery. You are going to find a very  
1958 welcome network that is pre-prepared for this adventure and I  
1959 hope you will take a good look at Washington State.

1960           One more question about Washington State. We have some  
1961 very good success out at the Hanford site. We are freeing  
1962 some land now to be ready for development, and your agency is  
1963 moving forward to allow about 1,600 acres to be allowed for  
1964 commercial development. Very excited about that because we  
1965 need to transition from the cleanup to new industries in the  
1966 Tri-Cities. We are told it could be a year and a half before  
1967 we actually get that done. We hope that you can do anything  
1968 you can to expedite that transfer because we have got some  
1969 companies looking at good things in the old Hanford site. I  
1970 hope you could take a look at that.

1971           Secretary {Chu.} I would.

1972           Mr. {Inslee.} Last, I just want to thank you. I  
1973 haven't agreed with everything you are doing there. We have  
1974 a disagreement on our Yucca issue. I won't bring that up  
1975 today. But I just want to thank you. I have got a 1-month-  
1976 old granddaughter and I want to thank you for your efforts

1977 giving her a shot to enjoy a world when she is my age of 61  
1978 that looks something like the one we have got here today. My  
1979 friends across the aisle talked about something ruining the  
1980 world and you are doing some work to make sure it is not  
1981 ruined by the time she is 60.

1982           The work you are doing on solar energy is spectacular.  
1983 You look at the ALTEC Company, the world's most durable solar  
1984 cell made in Marysville, Washington, the silicon energy  
1985 company; REC; Nanosys doing advanced nanotechnology for  
1986 lithium ion battery storage; EnerG2 Company doing  
1987 ultracapacitors. These are spectacular things you are doing.  
1988 And because of your success, which I believe we are going to  
1989 have, my granddaughter is going to have a shot of having a  
1990 world that looks like the one we have got. And I know you  
1991 are going to be catching a lot of arrows in your back for  
1992 those who are naysayers and believe that a negative voice is  
1993 the American one. I believe a positive voice is the American  
1994 one and we are going to grow this economy and we are going to  
1995 give my granddaughter a shot and everybody else's at a world  
1996 that looks like ours.

1997           So I just want to thank you and keep it up.

1998           Secretary {Chu.} Thank you.

1999           Mr. {Whitfield.} The gentleman's time is expired.

2000           At this time, I recognize the gentleman from Kansas, Mr.

2001 Pompeo, for 5 minutes.

2002 Mr. {Pompeo.} Thank you, Mr. Chairman.

2003 Thank you, Secretary Chu, for being here today. I want  
2004 the world to look great for my son as well, and to do that, I  
2005 think we have to do things that work. And so I am going to  
2006 ask you about some projects, places that your budget is  
2007 intending to spend money and talk about whether they are  
2008 working or not.

2009 In the President's budget--I assume your handiwork--it  
2010 says that the goal is to have 1 million electric vehicles on  
2011 the road by 2015. Is that correct?

2012 Secretary {Chu.} That is correct.

2013 Mr. {Pompeo.} How are we doing?

2014 Secretary {Chu.} Pardon?

2015 Mr. {Pompeo.} How are we doing? Are we on track to  
2016 make that goal?

2017 Secretary {Chu.} Well, we are going to wait until 2015  
2018 but in terms of what is happening both technically I think  
2019 things are developing and I remain hopeful.

2020 Mr. {Pompeo.} Are we going to make it? How many do we  
2021 have today? How many electric vehicles on the road today?

2022 Secretary {Chu.} I don't know the exact number. I can  
2023 get back to you.

2024 Mr. {Pompeo.} Less than a million by multiple orders of

2025 magnitude, is that right?

2026 Secretary {Chu.} It is certainly significantly less  
2027 than a million.

2028 Mr. {Pompeo.} Would the Administration support higher  
2029 gas prices to achieve this goal of 1 million electric  
2030 vehicles on the road by 2015?

2031 Secretary {Chu.} The Administration wants lower gas  
2032 prices.

2033 Mr. {Pompeo.} Your actions belie those words in my  
2034 judgment, but I appreciate that you state that as your  
2035 objective. The President said he would buy Chevy Volt. He  
2036 said he would buy one 5 years from now when he is not the  
2037 President anymore. I am not sure about the timeline but in  
2038 any event, last week, Chevy announced that the Volt would be  
2039 suspended from production because of demand, temporary layoff  
2040 workers. How many taxpayer dollars have gone in support of  
2041 the Chevy Volt?

2042 Secretary {Chu.} You know, I don't know. I know that  
2043 the Chevy Volt is a great car. I think that there is, you  
2044 know, a huge investment of GM and the leadership of GM to  
2045 invest in this, and right now, I am still very hopeful that  
2046 the Chevy Volt will be adopted.

2047 Mr. {Pompeo.} Well, I appreciate it if you would get  
2048 back to us, let this committee know how much money has been

2049 extended so far on the Chevy Volt. Do you drive one?

2050 Secretary {Chu.} No. I don't own a car at the moment.

2051 Mr. {Pompeo.} Fair enough. Fisker Automotive received  
2052 over \$500 million in DOE loans in 2010. You cut off the  
2053 funding last May because it had not met its sales target. At  
2054 least that was one of the stated reasons for the cutoff of  
2055 the loans if I understand it correctly. Do you think we are  
2056 looking at another Solyndra?

2057 Secretary {Chu.} Well, it is much more complicated than  
2058 what you said. We have milestones within our loan program,  
2059 and as we disperse funds of any of our people that we give  
2060 loans to, we work with the companies and do that. And so,  
2061 you know, we are hoping Fisker can work through the things,  
2062 temporary blips, and continue.

2063 Mr. {Pompeo.} I hope so, too. How much exposure does  
2064 the United States taxpayer have to Fisker today?

2065 Secretary {Chu.} I can get back to you on the exact  
2066 number.

2067 Mr. {Pompeo.} Great. I appreciate that.

2068 Just so you know, it was sometime before I was here, but  
2069 we heard these same reassurances about Solyndra up and  
2070 through times the DOE was still making loans and advancing  
2071 money against those credits. We heard that you were  
2072 monitoring, watching, taking good care that that money be

2073 repaid to the Treasury and that is not going to happen. So I  
2074 hope that you are right about Fisker and that the taxpayer  
2075 doesn't end up another \$500 million short.

2076 Thank you, Mr. Secretary. I appreciate your time today.

2077 Secretary {Chu.} Thank you.

2078 Mr. {Whitfield.} Mr. Secretary, we appreciate your  
2079 time. Unfortunately, we have four votes on the Floor and we  
2080 do have about four members that wanted to come back to finish  
2081 asking questions. And I was wondering, would you be able to  
2082 be back here at 15 to 1:00 for a little while or not?

2083 Secretary {Chu.} I have just heard from my staff that  
2084 we have agreed to do it. I was worried of another  
2085 appointment.

2086 Mr. {Whitfield.} No, I understand. And we appreciate  
2087 it. And as you know, we have some of the finest restaurants  
2088 here in the Rayburn building so if you want to get something  
2089 to eat. But we will be back just as quickly as we possibly  
2090 can. And we do thank you for your time. And there may or  
2091 may not be four coming back but thank you very much.

2092 Secretary {Chu.} Thank you, Mr. Chairman.

2093 [Recess.]

2094 Mr. {Whitfield.} I am not even going to wait for our  
2095 friends on the other side of the aisle. I am going to  
2096 recognize Mr. Griffith of Virginia for 5 minutes.

2097 Mr. {Griffith.} Thank you, Mr. Chairman.

2098 Thank you for coming back, Secretary Chu. Those of us  
2099 at the end of the list appreciate it very much.

2100 As you know, the United States is blessed with huge coal  
2101 reserves and I note with some interest that as technology has  
2102 become available that coal to gas, coal liquefaction I think  
2103 is becoming more affordable in the world marketplace. And in  
2104 fact South Africa gets just about a third of its gasoline  
2105 from coal to oil processes. And in fact the President, when  
2106 he was a Senator, on two different occasions introduced  
2107 legislation to do just that. So I guess my question is what  
2108 do you see the Department of Energy doing to help get coal to  
2109 liquids to play a vital and additional role in the supply of  
2110 gasoline in the United States?

2111 Secretary {Chu.} Well, first, we agree that the United  
2112 States is blessed with great fossil fuel resources, and we  
2113 are looking at the potential for both coal-to-liquid and gas-  
2114 to-liquid. And we want to support research that would  
2115 enable--the issue is high capital cost. The plants are very,  
2116 very complex, and when I talk to the oil companies, you know,  
2117 Shell, ExxonMobil, they uniformly say that the very high  
2118 capital cost is a problem. Now, having said that, we also of  
2119 course want to do this in a way that not only--even without  
2120 capturing the carbon, it is less than marginal and we would

2121 actually like to capture the carbon and helping enhance our  
2122 recovery and other utilization, but ultimately, we also need  
2123 to capture the carbon.

2124         Mr. {Griffith.} Absolutely. And in that regard, these  
2125 bills that the President put in, particularly one in 2006 was  
2126 actually a loan guarantee program and I am just wondering if  
2127 any of the loan guarantees that you all did as part of the  
2128 stimulus helped to defray any of the capital costs for any  
2129 companies that might be looking to take coal and turn it into  
2130 gas?

2131         Secretary {Chu.} I think the one I know of--there are a  
2132 few still going forward. They are gasification and the use  
2133 of the carbon dioxide enhanced oil recovery. I think  
2134 Southern has a project that is going forward on that.

2135         Mr. {Griffith.} All right. And of course that brings  
2136 me to Solyndra. And, you know, you all have indicated that  
2137 what was happening in the Chinese market, both your  
2138 Administration and you have indicated what was happening in  
2139 the Chinese market was not anticipated in 2009 when the loan  
2140 guarantee was done. One of the questions I have always had,  
2141 Secretary Chu, is that was known based on the way I heard  
2142 your testimony over the course of the last year. That was  
2143 actually known, though, by late 2010 and certainly by  
2144 February of 2011, and so that calls into question if you knew

2145 what was happening in the Chinese market and that the price  
2146 was so low that Solyndra couldn't manufacture its product for  
2147 the price that the Chinese were selling their product for,  
2148 why the subordination?

2149 Secretary {Chu.} You are absolutely right. Certainly  
2150 by 2011, late 2010 we did know that Solyndra was in deep  
2151 trouble, that there was--by then the price was--

2152 Mr. {Griffith.} But you also knew that the Chinese  
2153 market had basically made them--you may not agree but it had  
2154 made their products cheaper than Solyndra could produce their  
2155 product. The Chinese could sell their product for less than  
2156 Solyndra could produce their product for, isn't that correct?

2157 Secretary {Chu.} It is correct that we knew that  
2158 Solyndra was in deep, deep trouble and there was a chance of  
2159 bankruptcy. And when it came time to decide how to do this,  
2160 it was a judgment call on whether the fact--the loan was for  
2161 a--

2162 Mr. {Griffith.} And I know that you have said that  
2163 before and I respect you, but that being said, isn't it a  
2164 fact that in late 2010 and certainly by February of 2011 when  
2165 the subordination was signed off on, when you look at the  
2166 price of what the Chinese were able to sell their product at  
2167 and the price of what Solyndra was able to produce their  
2168 product at, the Chinese could sell cheaper than Solyndra

2169 could produce. Isn't that a fact?

2170 Secretary {Chu.} That is correct.

2171 Mr. {Griffith.} Okay. Thank you. I appreciate that  
2172 very much.

2173 And I would also ask you in that same vein, different  
2174 aisle maybe of the church, but Chairman Upton and Stearns  
2175 recently sent you a letter on the loan program for Prologis?  
2176 I hope I am saying that right. And Solyndra was to be the  
2177 supplier for the first phase of that project but then  
2178 Solyndra went bankrupt. Knowing what they knew, why did DOE  
2179 feel comfortable including Solyndra as the first-phase  
2180 supplier for Prologis at a time when you knew they were about  
2181 to fold or knew that they were in serious danger of folding  
2182 even with the first subordination? But I know you were  
2183 hoping that there would be the second August subordination  
2184 from outside money coming in, but why did you go forward with  
2185 Prologis and say, look, this ought to be your supplier?

2186 Secretary {Chu.} Well, first, we were uncomfortable  
2187 with Solyndra being the supplier quite frankly. And Prologis  
2188 had a very small--the initial one was Solyndra but I was  
2189 saying I believed the Prologis business model was a very good  
2190 one. I was very supportive of that loan, but I was nervous  
2191 if Solyndra went there that Prologis should line up a plan B.

2192 Mr. {Griffith.} All right. I thank you.

2193           And I yield back. Thank you, Mr. Chairman. Thank you,  
2194 Secretary Chu.

2195           Mr. {Whitfield.} The gentleman's time has expired.

2196           At this time, I recognize Mr. Olson of Texas for 5  
2197 minutes.

2198           Mr. {Olson.} I thank the chair.

2199           And Dr. Chu, I would like to thank you for your  
2200 testimony today and especially for waiting for us to come  
2201 back after votes. It is appreciated.

2202           I would like to ask you a few questions related to the  
2203 electric grid because, as you are surely aware, the potential  
2204 for conflict between grid reliability needs and environmental  
2205 rules is greater now than ever. And in the interest of time,  
2206 I would appreciate it if you could simply answer yes or no to  
2207 the following questions.

2208           Question number one, are you aware that under Section  
2209 202 of the Federal Power Act, DOE can issue emergency orders  
2210 to require a generator to run. Yes or no?

2211           Secretary {Chu.} Yes, I am aware of that.

2212           Mr. {Olson.} That is what I thought, sir. Thank you.

2213           Question number two, are you aware that a generator's  
2214 compliance with an emergency order could result in a  
2215 violation of environmental laws and subject generators to  
2216 citizen lawsuits? Yes or no?

2217 Secretary {Chu.} I am aware of that.

2218 Mr. {Olson.} That is what I thought as well. Thank  
2219 you.

2220 Question number three, do you believe it is fair to make  
2221 generators choose between complying with a DOE emergency  
2222 order or complying with environmental laws and regulations?  
2223 Is that fair?

2224 Secretary {Chu.} In most instances, we believe that it  
2225 doesn't have to be an either/or. And so as I said before,  
2226 the Department of Energy's job is to help the private sector  
2227 ensure that we have a reliable source of electricity for our  
2228 businesses and for our citizens.

2229 Mr. {Olson.} I will count that as a leaning not fair.

2230 But question number four--not to put words in your  
2231 mouth--are you aware that this situation has arisen twice in  
2232 recent years where a generator was forced to pay  
2233 environmental fines and settle a citizen lawsuit because they  
2234 complied with an emergency order from your department. Are  
2235 you aware of that? Yes or no?

2236 Secretary {Chu.} I am not sure, candidly, but it may  
2237 have occurred.

2238 Mr. {Olson.} It has occurred with a company called  
2239 Mirant--which is now GenOn--and two issues in particular with  
2240 them, one out of San Francisco, California. I could get you

2241 some details but I am sure staff can do that as well.

2242 And my final question for you is would you be supportive  
2243 of efforts to remedy this potential conflict between the  
2244 federal laws?

2245 Secretary {Chu.} I am very supportive that we don't  
2246 want to order that a generator continue to be online to  
2247 produce emergency backup power and face federal fines from  
2248 another branch. And we are very eager to work through those  
2249 issues.

2250 Mr. {Olson.} That is fantastic because I look forward  
2251 to your support when I introduce legislation to address this  
2252 issue in upcoming weeks.

2253 Thank you again for your patience for coming back. I  
2254 yield back the balance of my time.

2255 Mr. {Whitfield.} Thank you, Mr. Olson.

2256 Mr. Scalise, you are recognized for 5 minutes.

2257 Mr. {Scalise.} Thank you, Mr. Chairman. I appreciate  
2258 you having the hearing.

2259 Secretary Chu, thank you for coming with us and for  
2260 staying through the vote series. I appreciate that.

2261 I want to get into, you know, I guess the different  
2262 definition of an all-of-the-above energy strategy because I  
2263 think while we have been talking about and actually passing  
2264 legislation out of the House to implement an all-of-the-above

2265 energy strategy so that we can not only create millions of  
2266 American jobs but also lower prices of gas at the pump and  
2267 eliminate our dependence on Middle Eastern oil, the President  
2268 has recently started talking about an all-of-the-above energy  
2269 strategy. But if you look at the actual things that he has  
2270 done, his policies have actually hurt energy production in  
2271 this country. And I want to start by asking you, you know,  
2272 the President is out there boasting that, you know, energy  
2273 production, oil production has never been higher as if he  
2274 supports that, yet when you actually look at the facts from  
2275 what we have seen, numbers we have seen show that actual  
2276 production on federal lands, which the President has control  
2277 over through his Department of Interior, is down 11 percent.  
2278 And in fact in the Gulf of Mexico it is down 17 percent.  
2279 Have you seen any numbers similar to that to indicate just  
2280 what is happening in areas where the Federal Government does  
2281 have a jurisdiction?

2282 Secretary {Chu.} I have seen numbers that I glean from  
2283 a recent Senate speech that were gleaned from what--

2284 Mr. {Scalise.} Well, the numbers that you have seen  
2285 validating what I have seen, that there is an actual decline  
2286 in production on federal lands.

2287 Secretary {Chu.} If you start the clock when President  
2288 Obama became President, the numbers I have seen show an

2289 increase in--

2290 Mr. {Scalise.} We have seen just from 2010 to 2011 an  
2291 11 percent reduction in oil production on federal lands. In  
2292 the Gulf of Mexico exclusively we have seen a 17 percent  
2293 reduction in oil production. Where the increase has come is  
2294 on private lands, you know, North Dakota and the shale plays,  
2295 which, by the way, the President is trying to shut down  
2296 through the EPA. So it is a little bit disingenuous for the  
2297 President to go out there and say he is for all of the above  
2298 and oil production has never been higher when on federal  
2299 lands where he has got an influence, he has actually used his  
2300 influence to reduce production. And on private lands where  
2301 he doesn't directly have an influence, he is trying through  
2302 the EPA to shut down the fracking process, which would mean  
2303 there would be a reduction there, too, making us more  
2304 dependent.

2305 And so, you know, I will go back to the comments that  
2306 you have made in the past and the President have made in  
2307 support of higher gas prices. And, you know, back in 2008,  
2308 right after the President was elected you said--and let me  
2309 make sure--`somehow we have to figure out how to boost the  
2310 price of gasoline to the levels in Europe.' Did you say  
2311 that?

2312 Secretary {Chu.} I am not sure--as I said before--

2313 Mr. {Scalise.} You said it or you didn't. It has been  
2314 attributed--I mean it is not the first time you have heard  
2315 this because many people have asked you--

2316 Secretary {Chu.} Right.

2317 Mr. {Scalise.} --about it and I have heard you--

2318 Secretary {Chu.} No.

2319 Mr. {Scalise.} --confirm that you said it.

2320 Secretary {Chu.} I said something very similar to that.

2321 I am not sure when the date--

2322 Mr. {Scalise.} Okay. So the prices in Europe are what  
2323 right now? I have seen over \$8 a gallon.

2324 Secretary {Chu.} I am not sure when the date was but  
2325 everything I have done when I became Secretary of Energy and  
2326 was named Secretary of Energy was to help control, bring down  
2327 the prices of gasoline.

2328 Mr. {Scalise.} That hasn't happened but if you look at  
2329 President Obama's actual quote, President Obama said he would  
2330 prefer a gradual adjustment to near-\$4-a-gallon gasoline.  
2331 President Obama said that. And unfortunately, the President  
2332 has put policies in place that have gotten us now to \$4 a  
2333 gallon almost in gasoline prices. We have seen it. It was  
2334 \$1.83 when he started as President. It is over \$3.70 now.  
2335 So the President has gotten his wish and people are furious  
2336 about it. It is killing the economy; it is killing jobs.

2337 And now that people are furious, the President is trying to  
2338 blame somebody else.

2339 But let's look at the record. You know, if you look at  
2340 what is happening in the Gulf of Mexico alone, we have lost  
2341 about a dozen deepwater rigs, billion-dollar-plus assets that  
2342 have left the Gulf of Mexico because they can't get permits  
2343 because of the President's own policies. Now, they haven't  
2344 left to go to other places in America; they have left the  
2345 country. They have gone to places like Egypt. You know,  
2346 imagine it is better to do business in Egypt than in America  
2347 because of the President's policies. We saw what the  
2348 President did on the Keystone XL Pipeline, saying no to that.  
2349 You know, the President has implemented a policy that has  
2350 actually reduced American energy production and supply.

2351 Now, of course, the President has been to Saudi Arabia.  
2352 He has bowed down to their prince and, you know, he has  
2353 begged them for more oil. I understand you have been to  
2354 Saudi Arabia as well and had similar meetings. Is that  
2355 accurate? Have you been to Saudi Arabia?

2356 Secretary {Chu.} I have been to Saudi Arabia.

2357 Mr. {Scalise.} Asking them to produce more oil? What  
2358 did you--

2359 Secretary {Chu.} Well, certainly Saudi Arabia is one of  
2360 the few countries--

2361 Mr. {Scalise.} But have you asked them to produce more  
2362 oil?

2363 Secretary {Chu.} Well, it is--

2364 Mr. {Scalise.} Yes or no. I am almost out of time.

2365 Secretary {Chu.} Allow me to continue.

2366 Mr. {Scalise.} I don't have the time. It is a yes-or-  
2367 no question. Did you ask them to increase production?

2368 Secretary {Chu.} We would like Saudi Arabia--

2369 Mr. {Scalise.} Mr. Secretary--and I am almost out of  
2370 time; I apologize. I am sure you will have an opportunity to  
2371 answer later but, you know, rather than going to Saudi  
2372 Arabia, I have mapped out, it is only about a 5-minute walk  
2373 from your office to the White House. I would suggest instead  
2374 of going to Saudi Arabia and asking them to increase  
2375 production, go to 1600 Pennsylvania Avenue and ask the  
2376 President to reverse his policies that have reduced  
2377 production in America and made gas prices higher with the  
2378 permissorium in the Gulf where there is still no consistent  
2379 policy to get permits and it is killing production. We have  
2380 lost a dozen rigs. They have left America. We have lost  
2381 thousands of jobs because of that. Keystone Pipeline, we  
2382 lost a million barrels from Canada that we now have to get  
2383 from Middle Eastern countries who don't like us; this EPA  
2384 attack on fracking, which is killing innovation. We talked

2385 to a company recently, an American energy company who left \$3  
2386 billion on the table--

2387 Mr. {Rush.} Mr. Chairman, I am going to insist on  
2388 regular order.

2389 Mr. {Scalise.} So I would just ask that you go and  
2390 pursue the Administration policies that are killing energy  
2391 production and causing higher gas prices instead of going to  
2392 Saudi Arabia.

2393 Yield back.

2394 Mr. {Whitfield.} Gentleman's time is expired.

2395 Mr. {Scalise.} Yield back.

2396 Mr. {Whitfield.} Now, Mr. Secretary, if you want to try  
2397 to respond, feel free to do so.

2398 Secretary {Chu.} Very, very quickly. We are talking  
2399 about immediate spare production, and Saudi Arabia is one of  
2400 the few countries that has immediate spare production. To  
2401 develop an oil field in the Gulf takes years, at least  
2402 typically 5 years to actually explore, find, develop this.  
2403 And so for immediate spare production we think that would  
2404 have a way of moderating price spikes in the world oil  
2405 market.

2406 Mr. {Whitfield.} Well, that concludes today's hearing.  
2407 And once again, I want to thank you and your staff for your  
2408 patience. And I do want to ask unanimous consent to enter

2409 into the record a recent survey made in Nevada regarding the  
2410 public's views on Yucca Mountain. Without objection that  
2411 will be entered into the record.

2412 [The information follows:]

2413 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

|  
2414 Mr. {Whitfield.} And then we will keep the record open  
2415 for 10 days for any additional materials that may be  
2416 submitted.

2417 And once again, Mr. Secretary, thank you and we look  
2418 forward to working with you as we move forward.

2419 Secretary {Chu.} All right. Thank you, Mr. Chairman.

2420 Mr. {Whitfield.} This hearing is adjourned.

2421 [Whereupon, at 1:14 p.m., the Subcommittee was  
2422 adjourned.]