

ONE HUNDRED TWELFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
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**SUPPLEMENTAL MEMORANDUM**

**March 16, 2011**

**To: Democratic Members of the Subcommittees on Energy and Power and Environment and Economy**

**Fr: Democratic Staff of the Committee on Energy and Commerce**

**Re: Analysis of the Effects of H.R. 1, the Full Year Continuing Appropriations Act, on Department of Energy Activities**

On February 19, 2011, the House passed H.R. 1, the Republican funding resolution. This memorandum provides a brief analysis of the effects this funding bill would have on the Department of Energy's efforts to create jobs and encourage the transition to a clean energy economy.

Despite Republican calls for an "all of the above" energy strategy, the Republican budget represents an "all nuclear" approach. The Republican spending bill would undermine several DOE programs that accelerate the development and deployment of clean energy technologies and encourage job-creating investments in renewable energy and energy efficiency. It would:

- Undermine DOE's ability to award loan guarantees to worthy renewable energy and energy efficiency projects, including those that have already received funding commitments, while maintaining all of the loan guarantee authority for new nuclear facilities.
- Cut funding for renewable energy and energy efficiency programs by 35%.
- Completely eliminate funding for home weatherization and support for state energy offices.

According to DOE, these and other provisions in H.R. 1 threaten over 40,000 construction and permanent jobs.

## **I. H.R. 1 Eliminates Loan Guarantees for Renewable Energy and Efficiency**

Under the Title 17 loan guarantee program that was established in 2005, DOE issues loan guarantees for a wide array of innovative energy technologies.<sup>1</sup> The American Recovery and Reinvestment Act of 2009 expanded the loan guarantee program to promote deployment of commercial renewable energy and transmission projects.<sup>2</sup> H.R. 1 undermines DOE's ability to award loan guarantees to worthy renewable energy and energy efficiency projects under either of these programs while preserving DOE's ability to provide loan guarantees to new nuclear projects.

Section 3001 of H.R. 1 would rescind all unobligated Recovery Act funds without any exceptions. This will have a disastrous effect on the loan guarantee program. After months of financial, technical, and environmental reviews, the most worthy projects receive a "conditional commitment" from DOE. This means that if the developer meets a number of final conditions, DOE will provide the loan guarantee. But these conditional commitments will not survive H.R. 1, if it is enacted, because funds for the loan guarantees are not technically obligated until the loan guarantees are finalized.

Major solar, wind, geothermal, and biofuels projects from across the country are depending on these loan guarantees. Thousands of jobs and billions of dollars of investment are at stake. Currently, seven projects are at risk of losing their conditional commitments as a result of H.R. 1. Those projects and the number of jobs associated with them follow:<sup>3</sup>

- BrightSource's Ivanpah Solar Complex in California - 1,000 construction jobs
- Nordic Windpower's wind turbine assembly plant in Idaho - 75 permanent jobs
- U.S. Geothermal's Oregon geothermal generation project - 150 construction jobs
- First Solar's Agua Caliente solar generation project in Arizona - 400 construction jobs
- Diamond Green Diesel's renewable diesel facility in Louisiana - 700 construction jobs
- SoloPower's retrofit of a solar manufacturing facility in Oregon - 270 construction jobs
- Record Hill Wind's wind power plant in Maine - 200 construction jobs

Section 3001 would also abandon more than 20 additional job-creating, renewable energy projects that are on track to receive a conditional commitment, but have not yet received one.

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<sup>1</sup> Title 17, Energy Policy Act of 2005.

<sup>2</sup> Sec. 7003, American Recovery and Reinvestment Act of 2009.

<sup>3</sup> Department of Energy, Loan Programs Office, "Our Projects" (online at [http://lpo.energy.gov/?page\\_id=45](http://lpo.energy.gov/?page_id=45)).

These projects have undergone months of financial, technical, and environmental review and negotiated “term sheets” with DOE.

If allowed to continue, these projects with negotiated term sheets would generate clean electricity from solar, wind, geothermal, and biomass resources, refine bio-crude and cellulosic ethanol, and manufacture solar components. The projects are located across the country, including in Arkansas, California, Colorado, Georgia, Idaho, Illinois, Iowa, Kansas, Maryland, Michigan, Mississippi, Nevada, New Jersey, New York, Pennsylvania, Puerto Rico, and Texas.

The projects with negotiated term sheets would receive over \$12 billion in loan guarantees. They would create over 28,000 construction jobs and over 5,000 permanent jobs. Cumulatively, these projects and those with conditional commitments would use all of the remaining funds appropriated for this loan guarantee program.

The Republican spending bill would rescind these funds before they can be put to use creating jobs, generating clean power, and building new manufacturing facilities. Instead of providing companies with the certainty they need to make significant clean energy investments in the U.S., H.R. 1 would prevent DOE from finalizing loan guarantees for renewable energy companies.

In addition, H.R. 1 would dramatically curtail DOE’s ability to award loan guarantees to innovative renewable energy and efficiency projects through the original Title 17 program. Section 1425 would rescind \$25 billion of the \$47 billion in loan guarantee authority provided by the 2009 Omnibus Appropriations Act. This reduction is not spread across all of the eligible technologies. Rather than employing an all-of-the-above energy strategy, H.R. 1 explicitly picks winners and losers. The bill would preserve the entire \$18.5 billion in loan guarantees for new nuclear reactors and \$2 billion available for uranium enrichment projects while leaving only \$1.5 billion for all other technologies, like solar, wind, biomass, energy efficiency, and even advanced fossil fuels.

## **II. H.R. 1 Slashes Funding for Energy Efficiency and Renewable Energy Programs**

The Republican spending bill also undermines DOE’s support for clean energy by slashing the funding for the Office of Energy Efficiency and Renewable Energy (EERE) and prohibiting the use of any funds for DOE’s successful home weatherization program and state energy program.

Under H.R. 1, EERE’s budget would drop by 35% from over \$2.2 billion in fiscal year 2010 to less than \$1.5 billion. This will have immediate and damaging consequences. According to DOE, these cuts would lead to the elimination of the solar photovoltaic manufacturing initiative and the concentrating solar power demonstration zone program. The cuts will significantly reduce industry and laboratory photovoltaic research and likely delay attainment of grid parity for this technology. The budget cuts will also eliminate a new solicitation for utility-scale biopower demonstrations, three demonstration projects for low-head hydropower, technical assistance to a pumped storage project, and all manufacturing and supply chain research and development for wind power.

Section 1434 of H.R. 1 also prevents DOE from spending any funds for its home weatherization assistance program and state energy program.

The weatherization assistance program is one of the country's most successful energy efficiency programs. It leverages state investments by sharing in the cost of cost-effective energy efficiency upgrades to the homes of low-income Americans. Energy efficiency improvements save low-income families money on their monthly energy bills, while making their homes safer and more comfortable. During the program's 33 years, more than 6.4 million low-income households have received weatherization assistance. Families receiving weatherization services see their energy bills reduced by an average of \$437 every year.<sup>4</sup>

The Recovery Act provided a one-time extra infusion of funding to enhance weatherization efforts throughout the country. More than \$5 billion was distributed to the states to make low-income homes more efficient. As of November 2010, more than 300,000 homes had been weatherized using this funding.<sup>5</sup> H.R. 1 would rescind the Recovery Act funds that have yet to be used to weatherize homes.

With all funding for weatherization assistance eliminated, DOE expects at least 8,000 people employed in this sector to lose their jobs by July 1. The number of homes weatherized with DOE's non-Recovery Act funds during the remainder of the fiscal year would drop from 31,000 to zero.

DOE's state energy program (SEP) supports the nation's state energy offices, which use DOE funds to leverage additional investments that boost energy efficiency upgrades, save consumers money by lowering their energy bills, and create good-paying jobs in local communities. According to DOE, \$50 million in SEP funding leverages \$585 million for energy-related economic development and produces \$333 million in annual energy cost savings. H.R. 1 would specifically prohibit DOE from using any funds to support SEP and realize these benefits.

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<sup>4</sup> Department of Energy, Weatherization Assistance Program (online at <http://www1.eere.energy.gov/wip/wap.html>).

<sup>5</sup> Department of Energy, Homes Weatherized by State for November 2010 (online at [http://www1.eere.energy.gov/wip/pdfs/homes\\_weatherized\\_by\\_state\\_november\\_011811.pdf](http://www1.eere.energy.gov/wip/pdfs/homes_weatherized_by_state_november_011811.pdf)).