

**FISCAL YEAR 2008 ENERGY AND WATER DEVELOPMENT APPROPRIATIONS
BILL
STATEMENT OF CHAIRMAN PETER J. VISCLOSKY**

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The Energy and Water Development Appropriations Bill provides an opportunity to address critical issues that affect our nation's security and prosperity – from addressing the energy crisis, skyrocketing gas prices and climate change, to advancing the Speaker's Innovation Agenda, preventing nuclear proliferation, encouraging effective project management at the Department of Energy, and investing in our nation's flood control and infrastructure projects. Total funding for energy and water development in fiscal year 2008 is \$31.603 billion. This funding amount represents an increase of \$1.133 billion above the budget request and \$1.3 billion above the current fiscal year.

To address the needs of our country, the following priorities are set forth to ensure that our tax dollars will be spent wisely, effectively, and strategically:

- **Addressing Gas Prices, Reducing Our Dependence on Foreign Oil, and Confronting the Energy Crisis:** Smart investment in alternative, domestic transportation fuels and new vehicle technology;
- **Addressing climate change:** Sound investments in carbon sequestration, energy technologies that do not emit greenhouse gases, and science to better predict local and regional climate change;
- **Confronting the Terrorist Nuclear Threat:** Advancing national and international efforts on nuclear nonproliferation;
- Transforming and **reducing the size of the nuclear weapons complex;**
- Investing in **flood protection and infrastructure;** and
- **Saving Taxpayer Dollars; Cutting Waste and Mismanagement:** Institute effective project management of agency programs, especially within the Department of Energy.

STOPPING WASTE AND MISMANAGEMENT: EFFECTIVE PROJECT MANAGEMENT

People work hard for the money they pay in federal taxes. The Department of Energy (DOE) has squandered vast sums of this money. Project management at the Department of Energy must be reformed. The DOE is the largest civilian contracting agency of the federal government and spends over 90 percent of its annual budget on contracts. In 1990, the Government Accountability Office (GAO) began an annual assessment resulting in a list of programs that are at high-risk for waste, fraud, abuse and mismanagement. DOE contract management has been on the list every year – seventeen years in a row! GAO has found that, since October 2002, DOE has achieved its performance goal of implementing projects within 10 percent of cost and schedule baselines, only about one-third of the time. One of the management failures is the Waste

Treatment Plant at Hanford, Washington, where the construction cost overrun exceeds \$8 billion.

This is just one example of inexcusable, ineffective, and wasteful project management at the Department of Energy. DOE's inability to effectively manage critical projects has real consequences for our nation, and calls into question their ability to ensure we are prepared to meet the important challenges that face our country. It also squanders funding that could have been better spent on addressing the energy crisis, making progress on the transformation of the weapons complex, and a number of other areas that are in need of wise federal investment.

In the bill, DOE is directed to work with GAO to develop a concrete plan to get off the GAO High-Risk list. The bill does not support a number of proposed new activities pending improvement in DOE's performance.

REDUCING GAS PRICES, OUR DEPENDENCE ON FOREIGN OIL, AND CONFRONTING THE ENERGY CRISIS

To support the goals of lowering gas prices, reducing our dependence foreign oil, and reducing emissions of greenhouse gases, this bill provides increased funds for research, development, demonstration and deployment of energy technologies. The Innovation Agenda is supported by an increase in science of \$719 million, or 19%. The bill also addresses climate change with an increase of \$767 million, or 30%, in improved energy efficiency and alternative technologies research and development, demonstrations, and deployment.

One of the reasons for our current energy crisis is the past lack of investment in energy. By fiscal year 2006, adjusted for inflation, government funding for energy research, development, and demonstration had fallen to less than one-quarter of its 1980 levels. In the fiscal year 2007 year-long continuing resolution, Congress began to address this by increasing funding for energy efficiency and renewable energy activities at DOE by \$300 million.

The bill provides funding for energy efficiency and renewable energy that is \$400 million above the CR level. These funds will be invested in new vehicle technologies, biofuels demonstrations, new solar photovoltaic technologies and manufacturing approaches, new geothermal and hydropower approaches, and reducing energy consumption in buildings and industrial facilities. Energy consumption will be cut in the near-term through increased funding for weatherization assistance and state energy grants. In addition, the bill redirects fossil energy funding to emphasize carbon capture and sequestration – the key to enabling us to use our extensive reserves of coal while reducing greenhouse gas emissions.

Increased funding is included for nuclear energy as well, balancing support for licensing new light water nuclear reactors – the kind that currently provide 20% of our

electricity, for demonstrating the safer Gen IV helium-cooled nuclear reactor technology, and for research and development, particularly on the nuclear fuel cycle.

We have a responsibility to do everything we can to address this energy crisis. I feel our bill provides significant funding increases for research, development and demonstration on renewable energy, conservation, carbon sequestration, and nuclear energy. These efforts will not get us all the needed results overnight, but they will put us on the long-term path to net zero energy imports and reduced emissions of greenhouse gases.

CONFRONTING THE NUCLEAR/TERRORIST THREAT

Nuclear weapons or weapons material in the hands of terrorists is acknowledged by the President and others to be the number one terrorist threat to the United States. The Department of Energy takes the lead in combating this threat by advancing international efforts to prevent nuclear proliferation with an \$878 million or 74 per cent increase to the President's proposed operating level for legitimate nuclear nonproliferation programs.

Testimony before our Committee has made clear that there are significant opportunities for protecting such nuclear material where it exists, enhancing monitoring systems to detect it should it be moved illicitly, and transferring it to safer locations. This bill also redirects funding, provided in 1999 but never spent, to initiate a nuclear fuel bank under the auspices of the International Atomic Energy Agency. This fuel bank, conceived originally by former Senator Nunn and others, is intended to remove the motivation for countries who wish to rely on nuclear energy to develop their own uranium enrichment capability. This is the precise concern that the U.S. and many other nations have with Iran.

Nuclear nonproliferation activities have included parallel efforts for the United States and Russia to dispose of surplus weapons-origin plutonium. The U.S. has pursued fabrication of mixed oxide fuel (MOX) for use in commercial nuclear reactors followed by disposal in Yucca Mountain as its strategy. It has assumed that Russia would eventually agree to follow a similar path. Russia prefers to dispose of its weapons-origin plutonium by using it to fuel breeder reactors. This approach would result in more plutonium, not less. The Administration and the Defense Authorizers ended the direct linkage between the U.S. and Russian programs last year. Therefore, with no expectation of any Russian plutonium disposition occurring under this program, the U.S. MOX facility is no longer a Nuclear Nonproliferation activity. The Subcommittee transfers the project to the Nuclear Energy program along with enough funding to allow construction to proceed. This funding for MOX will be accompanied by continuous oversight. This subcommittee will closely monitor the progress of the MOX facility very closely. If mistakes continue to be made, the Department of Energy will find it very difficult to make a successful case for any further support.

REDUCING UNNEEDED NUCLEAR WEAPONS

Without question, there is a need for a comprehensive nuclear defense strategy and stockpile plan to guide transformation and downsizing of the stockpile and nuclear

weapons complex, and until progress is made on this critical issue, there will be no new facilities or Reliable Replacement Warhead. Only when a future nuclear weapons strategy is established can the Department of Energy determine the requirements for the future nuclear weapons stockpile and nuclear weapons complex plan.

Given the serious international and domestic consequences of the U.S. initiating a new nuclear weapons production activity, it is critical that the administration lay out a comprehensive course of action before funding is appropriated. Given the track record of mismanagement at the agency for projects that have a plan, I don't think it is asking too much for a comprehensive nuclear strategy before we build a new nuclear weapon.

ENVIRONMENTAL CLEAN UP RESPONSIBILITIES

There is a tremendous legacy of contamination from the past 60 years of nuclear weapons manufacture and various cancelled approaches to handling spent nuclear fuel. This bill provides enables completion of several smaller sites in FY 2008, sustains clean-up of a number of larger sites, and allows DOE to resume clean-up of a number of sites where clean-up was delayed while funding was concentrated on the closed Rocky Flats weapons manufacturing site. The decrease from FY 2006 reflects the Rocky Flats closure. Now is the time to make progress on cleaning up other communities.

ARMY CORPS OF ENGINEERS

Public infrastructure has played a critical role in the development and economic success of the United States. Despite the value to our economy and the safety of our citizens, the level of investment has not kept pace with critical requirements of existing infrastructure, let alone improvements to meet changing needs. In the area of water resource infrastructure, while investment has been static or declining in real terms, the needs of the Nation are increasing. The long term risk to the Nation of under-investment is great, as illustrated by the tragedy that resulted from the recent hurricanes in New Orleans and the Gulf Coast area.

In light of the need for increased investment in public infrastructure, the Committee recommends an increase of \$713 million over the budget request for the Corps of Engineers to address additional priorities. The Committee remains adamant that the Corps of Engineers continue the reforms made in the last several years regarding project management and execution and out-year planning. The Committee's expectation, regardless of the amount of the annual appropriation, is that the Corps will ensure its funding is expended in good faith and in the best interests of the public.

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