

**OPENING STATEMENT**  
**The Honorable Rodney Frelinghuysen**  
**Chairman, Energy and Water Development Subcommittee House Committee on Appropriations**

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**Hearing on the Fiscal Year 2013 Budget Request for  
Loan Guarantee Programs and the  
Advanced Research Programs Agency—Energy  
March 28, 2012**

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I would like to call this hearing to order. Good afternoon, everyone. Our hearing today is on the Fiscal Year 2013 budget request for the Department of Energy's loan guarantee programs and the Advanced Research Programs Agency -- Energy. Dr. Majumdar and Mr. Frantz, welcome to the subcommittee.

We ask the two of you to appear together because of the unique nature of your programs. Although you were authorized before 2008, you both form the backbone of some of this Administration's most visible initiatives. Now that we're into the fourth year of the Administration, you have enough of a track record that we can have a more informed discussion about the successes you've had...and your challenges.

Dr. Majumdar, this budget requests \$375 million for ARPA-E's activities, a \$75 million increase from the fiscal year 2012 appropriation. This is a 27 percent increase, matched only by the 28 percent increase requested for Energy Efficiency and Renewable Energy. At the same time, the request cuts funding for fossil energy and nuclear energy research and development. While I'd like to believe the President's support for an "all of the above" energy strategy, the facts indicate that this budget request is more ideological than practical.

Yet the ARPA-E program has identified an important niche for itself by supporting high-risk, high reward projects. And given all the political pressures surrounding your program, you've made some tough decisions, including the termination of projects which were not achieving their goals. I'd encourage other parts of the Department to learn lessons from the way you're doing business.

The Loan Guarantee Program, on the other hand, has been the center of some controversy, starting with the Solyndra bankruptcy and now extending into questions about other companies. Apparently, even the President no longer wants to take responsibility for this program, according to remarks he made last week.<sup>1</sup> Mr. Frantz, you are not asking for any new loan guarantee authority, but given the billions of

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<sup>1</sup> *"Obviously, we wish Solyndra hadn't gone bankrupt. Part of the reason they did was because the Chinese were subsidizing their solar industry and flooding the market in ways that Solyndra couldn't compete. But understand: This was not our program, per se. Congress — Democrats and Republicans — put together a loan guarantee program because they understood historically that when you get new industries, it's easy to raise money for startups, but if you want to take them to scale, oftentimes there's a lot of risk involved, and what the loan guarantee program was designed to do was to help startup companies get to scale."*

dollars that your programs are overseeing, you will have some hard questions to answer today. I look forward to your answers.

Please ensure that the hearing record, questions for the record, and any supporting information requested by the subcommittee are delivered in final form to us no later than four weeks from the time you receive them. Members who have additional questions for the record will have until close of business tomorrow to provide them to the subcommittee office.

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