

Congress of the United States
Washington, DC 20515

March 18, 2016

The Honorable Ernest Moniz
Secretary
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585
United States

Dear Secretary Moniz:

In the President's budget request for Fiscal Year 2017, the Department of Energy (DOE) de-obligated \$240 million from the Texas Clean Energy Project (TCEP), which is planned for construction in Odessa, Texas. As you are well aware, this project is a first-of-a-kind commercial power plant that will employ innovative technology to capture 90% of the plant's carbon emissions. We know you join us in support of an all-of-the-above energy strategy with the ultimate goal of providing clean affordable energy to all. It is for this reason that we are perplexed at the Administration's decision to withhold the remaining funding for TCEP when the project has so much potential, and appears to be so close to reaching financial close.

Summit Power, as the lead developer and owner of TCEP, secured vital engineering and construction contracts in December 2015 and January 2016. Following this major milestone, it is our understanding that Summit requested that DOE release an advancement of \$11 million in funds already obligated to TCEP, which would be the final Phase 1 budget request before the project reaches financial close. The Department responded on February 9th, the day that the President's budget request was released, by informing Summit Power of the decision to not only decline this request for the \$11 million advance, but to propose repurposing all remaining funding for the project for other activities. We cannot find a reasonable justification in the President's budget for this last minute shift. Furthermore, we do not believe that the Department provided the company with reasonable notice or warning of the conditions that would lead to this decision, let alone the decision itself. Such significant, poorly justified actions like this could damage the potential for cooperative partnerships between government and industry in the future, especially with those working on carbon capture technologies.

Since the release of the President's budget request, DOE claims that TCEP has missed four major milestones. Based on staff inquiries it appears this claim is not accurate. It appears that

DOE did not treat milestones as hard deadlines and continually renegotiated with Summit in good faith with the shared goal of the project reaching financial close and commencing construction. DOE failed to provide notice to Summit that renegotiating milestones could result in the total loss of funding. Most concerning is that DOE continually cites the failure to secure engineering and performance contracts as one of the major missed milestones, when in fact these contracts were publicly signed in December and January. The December signing ceremony in Beijing even had DOE officials in attendance. During this entire time Summit has continued to meet with investors and secure private investments in the project to meet the cost share requirements without any indication from DOE that with the release of DOE's FY 2017 budget request, the agency would no longer support TCEP.

Please provide us with any documentation relevant to our current understanding of these missed milestones and the justification behind DOE's decision. We acknowledge that TCEP did not accelerate to the full-scale construction phase as quickly as DOE or Summit Power would have preferred. However, given that the project originally received funding in 2009 prior to the height of the natural gas boom and the accompanying market shifts, we believe DOE should reconsider its assessment of the project's progress and release the requested \$11 million in funding, while also maintaining the potential for Phase 2 funding. In addition, we request that you make milestones and related deadlines more clearly defined for all parties so DOE and Summit can return to a productive relationship with the shared goal of seeing TCEP built and demonstrating these vital carbon capture technologies, all while continuing to ensure appropriate protections for investments of taxpayer dollars.

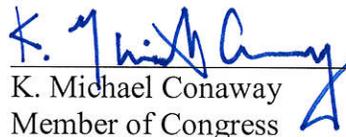
Currently, the Office of Fossil Energy is refusing to consider alternative options for this project and we fear that without the immediate financial support this project will never be built. First-of-a-kind technologies have a long history of government support to move them across the finish line, enabling industry to deploy these innovations at commercial scale across the country and the world. Federal assistance accelerated the development of nuclear power, shale gas, utility-scale solar, and many other energy industries, advancing private sector innovation.

We look forward to your response. Thank you for your assistance with this matter.

Sincerely,



Eddie Bernice Johnson
Member of Congress



K. Michael Conaway
Member of Congress



Lamar Smith
Member of Congress



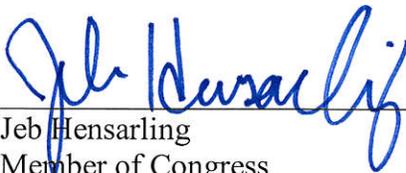
John Cornyn
United States Senator



Joe Barton
Member of Congress



Bill Flores
Member of Congress



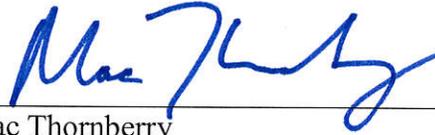
Jeb Hensarling
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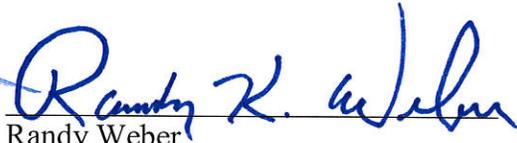
Pete Olson
Member of Congress



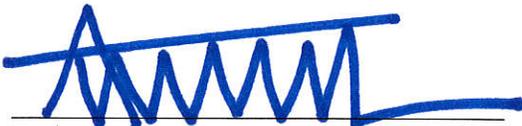
Mac Thornberry
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Kenny Marchant
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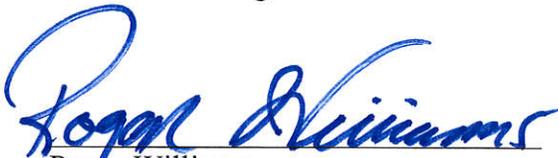
Randy Weber
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Ted Poe
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Randy Neugebauer
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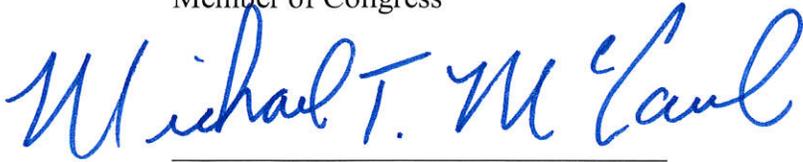
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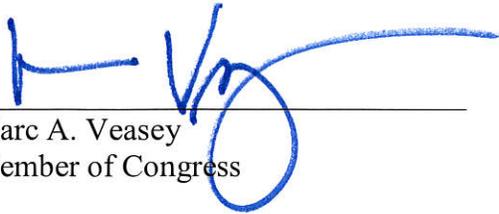
Rubén Hinojosa
Member of Congress



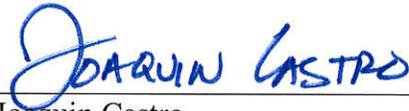
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