OPENING STATEMENT

Ranking Member Alan Grayson (D-FL), Subcommittee on Energy
House Committee on Science, Space & Technology

"Department of Energy Oversight: The DOE Loan Guarantee Program"
Joint Subcommittee Hearing, Subcommittees on Energy & Oversight

March 3, 2016

Thank you Mr. Chairman. I would like to welcome our witnesses to today's hearing on the Department of Energy's Loan Programs Office.

I strongly support the efforts of the Loan Programs Office to commercialize and deploy innovative new clean energy technologies. The Loan Programs Office manages a large, diverse portfolio…comprising more than $30 billion in loans, loan guarantees, and commitments…covering more than 30 major projects across the United States. These projects include building America's first new nuclear power plant in over 30 years, launching utility-scale solar power plants, and accelerating the resurgence of the US auto manufacturing industry.

Overall, these loans and loan guarantees have resulted in more than $50 billion in total project investments. The Loan Programs Office has maintained its strong financial performance, even though its mission carries some degree of financial risk, since it includes financing innovative clean energy projects. The Loan Programs Office's record even compares favorably with private financing of conventional energy projects in the United States.

Congress identified an area where the financial market wasn't meeting our national needs, and directed the Department of Energy to take on this task. By statute, this meant the Department had to take on some risk. As with any financial portfolio, gains often come with some losses. The basis of our financial market is the acceptance of some level of risk to provide our economy with greater access to capital to grow.

Despite this risk, the Loan Programs Office has an incredible overall success rate of over 90%. Losses to date, represent just 2.27% of the Department's $34 billion loan and loan guarantee portfolio…and less than 10% of the $10 billion loan loss reserve that Congress set aside to cover expected losses in these programs.

In fact, interest payments the federal government has received, to date for these loans, now total over $500 million *more* than the estimated losses to the portfolio.

This program was not a partisan issue when the Department of Energy was first directed to carry out these activities in the Energy Policy Act of 2005, and then expanded twice more in 2007 and 2009. The statutory authority for the two active programs in the Loan Programs Office were crafted in bipartisan legislation, and signed by a Republican President.

Yet, I am sure we will hear partisan attacks today on the Department's efforts for doing exactly as Congress instructed it to do. We are bound to hear, yet again, the echoes of Solyndra during our discussion.

On that note, I applaud the Department for its efforts to apply lessons learned from its few unsuccessful investments. And I look forward to hearing how the loan programs have evolved to better protect the taxpayers' interests. I also look forward to hearing GAO's recommendations, and Mr. McCall's plans on how the program can continue to improve.

I look forward to hearing each of your testimonies today. Thank you again. I yield back.