

**Chairman Manchin’s Opening Remarks During a Full Committee Hearing to Examine the Department of Energy’s Decision-Making Process for Awarding Competitive Loans and Grants Funded Through the Inflation Reduction Act and the Bipartisan Infrastructure Law**

- The Committee will come to order.
- **[If Senator Padilla is present:** *Before we dive into today’s topic, I would like to welcome my friend Senator Padilla who joined our committee this week. Senator Kelly has moved over to the Intelligence Committee.]*
- *[I’m so glad to have Senator Padilla, representing the state with the largest number of Americans and the second-largest consumption of energy. I know Senator Padilla will dive right in on so many important issues, including hydrogen, forestry, wilderness, Western water, and other issues of importance to California and our country.]*
- I also want to briefly express at the outset my strong concerns about the news last night that this administration has lifted most sanctions on Venezuelan oil for the next 6 months.
- On the heels of announcing the smallest 5-year offshore oil and gas leasing plan in decades, this administration is turning to Venezuela, one of the world’s dirtiest energy producers and an oppressor of its own people, to help make up the production that they refuse to allow in America.
- I understand that the administration believes this will encourage Venezuela to make democratic reforms, but it makes no sense at all to reward bad actors before they actually take the action you want.
- Now turning to today’s topic.

- When I look back to when I became Ranking Member of this Committee in 2019, we had not done a comprehensive update to our nation's energy policy in over ten years.
- Since then, we've worked hard to address that gap.
- First, we set our energy policy goals in the bipartisan Energy Act of 2020.
- Then, we provided the investment needed to make those policies a reality in the Bipartisan Infrastructure Law and the Inflation Reduction Act.
- These bills will transform our nation's energy landscape for years to come.
- I am extremely proud of these pieces of legislation and the opportunities within them that will make us more energy secure while creating good jobs across the nation.
- For instance, I was pleased to join a bipartisan group of federal and state lawmakers and business and community leaders to welcome Secretary Granholm and Under Secretary Crane to West Virginia earlier this week to announce that the Appalachian Regional Clean Hydrogen Hub won a \$925 million award to bring a hydrogen hub to West Virginia.
- This funding, which came from the Bipartisan Infrastructure Law, will ensure West Virginia will be a new epicenter of hydrogen in the United States of America.

- This is just one example. In the past two years, our state has celebrated announcements for battery manufacturing plants, carbon capture projects, microgrid-powered industrial sites, with many more projects on the way that stand to benefit from DOE support.
- These federal investments are not free—they require the private sector to step up, invest, and produce.
- In the case of our hydrogen hub, the private sector is proposing to invest up to \$6 billion on top of the nearly \$1 billion from DOE.
- And the story is similar across our country, with private sector announcements pouring in as a result of the opportunities created by these laws.
- And while I am thrilled to see all of these impactful investments being made, it has also been disheartening to witness this administration distort the intended purpose of these laws to fulfill their own radical agenda.
- These laws were deliberately crafted to secure our energy supply chains, but so far we've seen too many indications that this administration is willing to sacrifice security to pursue their unrealistic anti-fossil goals.
- The most apparent example of this is through their implementation of the IRA's EV tax credit.
- That credit was designed to encourage automakers to onshore their supply chains in order to break our reliance on China who has dominated the EV supply chain.

- Unfortunately, actions by this administration to cut the sourcing requirements in half and water them down in other ways just to get more EVs on the road—Chinese or otherwise—clearly are not a reflection of the text or intent of the IRA and Infrastructure Law.
- Not only is the administration violating and manipulating the law to implement the legislation they wanted rather than the bills we passed, but the decisions they are making will have detrimental impacts on American workers and embolden our adversaries.
- There is bipartisan agreement that these laws must be implemented as written and as Congress intended—to secure our own country’s energy supply.
- This is why our Committee expressed bipartisan concern at a hearing earlier this year when DOE was considering providing a grant to Microvast, a battery company with alleged links to the Chinese government.
- While DOE ultimately made the correct decision not to award this grant, this administration’s actions as a whole have made me question what aspects of these laws are at risk of being manipulated.
- So I felt it was important to invite the Department of Energy here today to discuss their approach to implementing these important new laws and, especially, review the Department’s due diligence process for companies and technologies pursuing grant funding or loan guarantees.
- I have two primary questions for our witnesses.

- First, how are we ensuring that U.S. taxpayer dollars are absolutely not benefiting any of our adversaries?
- And second, how is the Department ensuring that the companies receiving awards have proven technologies worthy of government support to commercialize them?
- The IRA and the Bipartisan Infrastructure Law are an investment in **American** energy security to protect ourselves and our allies while breaking our reliance on countries like China, Russia, Iran, North Korea and other nations who do not share our values and should not be relied upon to provide critical elements of our supply chains.
- While I was pleased to see that DOE rescinded the Microvast award, I am alarmed that the company was able to get through even the first round of vetting.
- We continue to hear about other companies seeking to use taxpayer dollars to make a devil's bargain with Chinese technology providers, like Ford's potential licensing deal with CATL seeking to qualify for IRA credits or the conditional loan approved by DOE for Kore Power that involves purchasing technology from a Chinese firm.
- Let me be clear, I do not want—and I don't believe any of our committee members wants—a cent of this funding benefiting China in any way.
- So I hope today's witnesses will shed some light on the vetting process to make sure China and Chinese companies are not turning tax payer-funded American innovation into a windfall for our leading geopolitical adversary.

- Between the IRA and the Bipartisan Infrastructure Law, the Department of Energy received nearly \$100 billion to support new or existing energy, advanced technologies, grid modernization, and clean manufacturing programs.
- Both bills emphasized an all-of-the-above approach so that we could innovate, not eliminate our way toward a cleaner environment while at the same time increasing our energy security and creating new economic opportunities in the U.S.
- These bills were designed to be balanced and ensure that the best technologies of all types win—not just those favored by any given administration.
- Historically, DOE’s loan program office has fallen short of a balanced approach.
- The chart behind me shows that the majority of LPO assistance provided since 2009 has gone to electric vehicles and renewables.
- To correct this, the IRA created the new 1706 loan guarantee program specifically to support investments in our dispatchable fossil fuel plants, such as adding CCUS or other environmental controls.
- I’m also pleased to see LPO supporting a number of hydrogen projects—a proven technology that we just have not focused on commercializing until the past few years.
- It is my hope that the Department will adhere to a balanced approach moving forward, and I look forward to hearing how DOE is taking that balance into consideration as they work through their decision-making process for these important funding opportunities.

- I would also like to hear the Department's plans to ensure that tax payer dollars are being spent efficiently, effectively and responsibly.
- Without a doubt, the Department of Energy's Loan Programs have had successes over the years, and it's notable that the interest on loans returned to taxpayers has exceeded losses on investments by roughly 4 times.
- That being said, it is no secret that problematic projects from previous years are still very much front of mind.
- Mr. Shah, I hope you are able to assuage any concerns this morning about the efficacy of the loan programs and demonstrate how the Department is working to prevent the next Solyndra.
- Being responsible with all of this funding also means DOE's offices should not be working within a vacuum. There needs to be a cohesive strategy to ensure we are not duplicating efforts and missing key gaps.
- So I hope we can hear from Mr. Crane this morning about how he works with Mr. Shah, other offices within DOE, and across agencies to make sure this funding is being used in the most effective way possible.
- If implemented effectively, the Bipartisan Infrastructure Law and the Inflation Reduction Act have the power to truly transform our country for the better. That is why it is so important that we get this right.
- I will provide all of the support I possibly can to DOE to help the agency get it right and achieve Congress's intent.

- But at the same time, it will surprise no one to hear that I fully intend to continue our committee's robust oversight of the department.
- And with that I'll turn it over to Ranking Member Barrasso for his opening remarks.
- Thank you, Senator Barrasso.
- I'd like to turn to our panel of witnesses. We have:
  - The Honorable David Crane, Under Secretary for Infrastructure, Department of Energy.
  - Mr. Jigar Shah, Director of the Loan Programs Office, Department of Energy
  - The Honorable Teri Donaldson, Inspector General, Department of Energy.
- Now to witness opening remarks.
- Under Secretary Crane, we'll begin with you.
- Thank you. Next, we'll hear from Mr. Shah
- Thank you. Now we'll go to Inspector General Donaldson
- Thank you all again for being here with us and for your testimony. We will now begin with questions.