

Section 6: Department of Energy

In FY 2010, the Department of Energy received \$26.4 billion in discretionary funding, level funding from the non-emergency discretionary level. However, the Energy received \$38 billion in Stimulus funding, which more than doubled their budget of \$34 billion the year before.

This amendment would rescind \$1.3 billion (five percent) from the Department and direct the Secretary to eliminate and consolidate more than 17 duplicative programs and eliminate waste to produce savings.

Duplicative Energy Programs

Weatherization

The Department of Energy allocated **\$5 billion in FY 2009** for **state-run weatherization projects**. This is well over the \$227.2 million for weatherization efforts in FY 2008 – an increase that has been described as contractors “winning the lottery.”^[1] However, a “vast majority” of states are not spending the money and there has been “confusion ‘across the board.’”^[2] One press report explained that the increase is “so large that federal, state, and local agencies are expected to find allocating them and conducting sufficient oversight a real challenge.” For example, a Nevada-based non-profit agency received **\$2 million** for a federal weatherization project after first being terminated for mismanaging the same project.^[3] There are numerous federal weatherization efforts including the following.

- The Department of Energy’s “**Energy Conservation and Weatherization” grants**, funded at \$500 million annually, provide funding for local projects to encourage energy conservation and building improvements such as insulation. This program duplicates the efforts of the **Low Income Home Energy Assistance Program (LIHEAP)**.

^[1] http://www.businessweek.com/technology/content/jan2009/tc20090129_222846.htm

^[2] Gaston Gazette, Stimulus Money for Weatherization Still Unspent, August 17, 2009.
<http://www.gastongazette.com/news/money-36977-stimulus-improvements.html>

^[3] Peaceh, H. Gil and Mark Thompson, “State Fiscal Year 2007 Evaluation of the NRS 702: Energy Assistance Program & Weatherization Assistance Program,” H. Gil Peach & Associates LLC, December 2008, page

- The National Park Service administers the **Weatherization and Improving the Energy Efficiency of Historic Buildings** program.¹
- **The Department of Housing and Urban Development administers the Energy Innovation Fund** ² to enable the Federal Housing Administration and the new Office of Sustainability to assist in residential energy efficiency sector and help create a standardized home retrofit market. It operates on a \$50 million budget.
- The Department of Energy administers the **Building Technologies Program**, funded \$140 million in 2009 and \$238 million in 2010. This program develops, promotes, and integrates energy technologies to make buildings more efficient.

Energy Grant Programs

DOE **Tribal Energy Program Grant**^[1] program provides financial assistance, technical assistance, education and training to tribes for the evaluation and development of renewable energy resources and energy efficiency measures, such as installing efficient appliances.

The program overlaps with DOE's **Energy Efficiency and Conservation Block Grants**, which provides \$2.6 million to reduce energy use and fossil fuel emissions, and to improve energy efficiency. Tribes are eligible recipients. It also overlaps with the **ENERGY STAR Energy Efficient Appliance Rebate Program**, which received \$300 from the stimulus for states to promote the purchase of qualified energy efficient appliances.

The Department of Energy also administers the **State Energy Program**, funded at \$50 million in FY 2010, which provides technical and financial resources to States to help them address issues in utility, renewable, energy, building code policies, energy efficiency and renewable energy projects.

Funded at over \$60 million annually, the **Science to Achieve Results (STAR) grant program** funds scientific and engineering research at

¹ <http://www.nps.gov/history/hps/tps/weather/index.html>

² HUD approps, page 61 <http://portal.hud.gov/portal/page/portal/HUD/press/testimonies/2009-06-16a>

^[1] http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=US07F&re=1&ee=1

academic and nonprofit institutions. This research duplicates the billions of federal dollars for research throughout the university system. Eliminating STAR was included in the Congressional Budget Office's August 2009 Budget Options document, which stated OMB's concerns for the program such as "STAR's research on water quality, land use, and wildlife is similar to work done in other federal agencies. OMB also found that the program's coordination with other EPA offices and other agencies was inadequate to ensure that the agencies had access to research findings; [and] that the program had not shown "adequate progress toward achieving long-term goals."

Funded at over \$60 million annually, the **Energy Star program** is a joint program through the Environmental Protection Agency (EPA) and the Department of Energy (DOE) that assists consumers in determining their energy consumption of the products they purchase.

USDA's **Rural Utilities Service**, funded at \$698 million in FY 2010, finances energy conservation programs and renewable energy systems by providing loans to states, corporations and utilities.³

Vehicle Technology Programs

The Department of Energy administers the **Vehicle Technologies program** funded at \$273 million in 2009 and \$334 million in 2010. This program seeks technology breakthroughs to reduce highway transportation petroleum use by developing technologies for hybrid, plug-in hybrid, fuel cell, and advanced efficiency vehicles. The program duplicates other DoE efforts, including the following.

- The Stimulus provided \$2 billion for **Advanced Battery Manufacturing grants** for vehicle batteries, including hybrid electrical systems, component manufacturers and software designers.⁴
- **Advanced Technology Vehicles Manufacturing Loans Program** was provided \$7.51 billion for 2009. It is a direct loan program for automobile and auto part manufacturers for the cost of re-equipping, expanding, or establishing manufacturing facilities in the U.S. to produce advanced

³ <http://www.usda.gov/rus/electric/index.htm>

⁴ Page 9, <http://www.gao.gov/new.items/d09515t.pdf>

technology vehicles or parts to support development of advanced technology vehicles

- **The Innovative Technology Loan Guarantee Program** is provided \$43 million in 2009. The Stimulus provided \$6 billion additional funds to support \$60 billion in loan guarantees. This program makes loans guarantees to projects that accelerate the commercial use of new or improved energy technologies. This program was also identified by GAO as problematic poor management and accountability practices.⁵

Waste and Mismanagement at the Department of Energy

The Department of Energy ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2009, the total amount of unobligated DoE funds is projected to be approximately **\$1.1 billion**.⁶

The Department of Energy is the largest consumer of energy among federal agencies behind the Postal Service. It spent over **\$106 million** in 2006 on energy costs and consumed 10,024.5 billion Btu of energy.⁷

An Inspector General audit reported the Department of Energy **loses \$11.5 million annually in electricity costs** by not implementing conservation methods that are already required by law. Despite its role as the federal agency charged with leading the crusade for energy conservation, the Department of Energy is wasting enough electricity to power more than 9,800 homes per year by failing to turn down the heat or air conditioning when its workers leave for the day.⁸

Between 2003 and 2007, the federal government gave over \$4.7 billion to law firms to reimburse environmental groups for attorney fees, for an average annual loss to taxpayers of **\$940 million**. This only includes the suits that have been examined. Between 2000 and 2009, three non-profits filed more than 700 cases against the federal government.⁹

⁵ <http://www.gao.gov/new.items/d09515t.pdf>

⁶ <http://www.whitehouse.gov/omb/budget/fy2009/pdf/balances.pdf>

⁷ U.S. Department of Energy, EERE Annual Report to Congress on Federal Government Energy Management and Conservation Programs Fiscal Year 2006, November 2008. <http://www1.eere.energy.gov/femp/pdfs/annrep06.pdf>

⁸ U.S. Department of Energy, Office of Inspector General, Audit Report, July 2009. <http://www.ig.energy.gov/documents/IG-0817.pdf>

⁹ Taxes Fund Environmental Suits, October 17, 2009. <http://www.capitalpress.com/content/ml-enviro-lawsuits-101609#>

An Inspector General audit reported the Department of Energy paid outside firms and consultants for many expenses that were not permitted. One contractor was reimbursed **\$4,800** for three first class round trip airline tickets.¹⁰

The Department of Energy IG released a report exposing **\$17.3 million in cost overruns** in a DOE program that is supposed to increase energy efficiency. In the program, the Department contracts with private companies for upfront investments in “energy-efficient” equipment in exchange for a share of future savings. However, in many instances, the equipment was clearly not operated for optimal energy savings. In fact, one example found the Department continued to payout savings to businesses even after four buildings with the upgrades had been demolished.¹¹

After nine years and \$153 million, Department of Energy Inspector General found the National Nuclear Security Administration failed to effectively execute a cyber security improvement project, resulting in an average annual loss to taxpayers of **\$17 million**. The project is more than three years behind schedule and failed to meet its objectives.¹²

¹⁰ *Now Public*, Environmental Lawsuits Rake in Billions for Lawyers, October 9, 2009.

<http://www.nowpublic.com/environment/environmental-lawsuits-rake-billions-lawyers>

¹¹ Government Executive, Energy Savings Performance Contracts Don't Measure Up, IG Finds, September 11, 2009.

http://www.govexec.com/story_page.cfm?articleid=43576&dcn=todaysnews

¹² U.S. Department of Energy, Office of Inspector General, Audit Report, September 2009.

<http://www.ig.energy.gov/documents/IG-0823.pdf>