

**Testimony of Bernard L. McNamee II, Executive Director of the Office of
Policy
U.S. Department of Energy
Before the U.S. Senate Committee on Energy and Natural Resources
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Chairman Murkowski, Ranking Member Cantwell, and Members of the Committee, it is an honor to appear before you today on behalf of the Administration and the Department of Energy (“the Department” or “DOE”) to discuss the Administration’s reorganization and modernization efforts and vision for the Department.

The Department is grateful for the support this Committee has provided DOE over the past year a half. Most recently, and in particular, I want to thank Chairman Murkowski and Ranking Member Cantwell for their efforts to address the challenges posed by Section 3111 of the Senate-passed Fiscal Year 2019 National Defense Authorization Act.

Department of Energy Initiated Reorganization

In mid-December of 2017, the Secretary of Energy (Secretary) announced his intention to realign and modernize the Department. The goal was to align program offices under an efficient reporting framework that would advance the Administration’s policy priorities, address the nation’s present and future energy challenges, and refocus DOE on its core missions. The Department’s mission is to advance U.S. national security and economic growth through transformative science and technology innovation that promotes affordable and reliable energy through market solutions and meets our nuclear security and environmental cleanup challenges.

These core missions also include:

- Promoting America’s energy security;
- Spurring innovation;
- Reducing regulatory burdens;
- Restoring the nuclear enterprise and enhancing national security through the military application of nuclear science; and
- Addressing the obligation of legacy management and nuclear waste.

The modernization and realignment included creating separate offices for the Under Secretary of Energy and the Under Secretary for Science, realigning the offices under those leaders in accordance with their missions, and standing up the Office of Cybersecurity, Energy Security, and Emergency Response (CESER).

Of course, some of the Offices are still awaiting Senate confirmation of their leadership—such as the Director of the Office of Science, the Assistant Secretaries of CESER and Energy Efficiency and Renewable Energy (EERE), and the Inspector General, but we are grateful for the efforts of this committee has made in the exercise of the Senate’s constitutional role.

Recent Reorganization Proposal

Last month (June 2018) the Administration released a government reform proposal that included certain parts of the DOE. The reorganization efforts outlined within the proposal would help the Department achieve its goals in advancing the Administration’s energy policy priorities, as well as enhance efficiency as DOE focuses on its mission.

The Administration’s proposal has several key components for the DOE:

- Divestiture of Federal transmission assets, which include those owned and operated by the Power Marketing Administrations (PMAs) within DOE, including those of Southwestern Power Administration, Western Area Power Administration, and Bonneville Power Administration;
- Consolidate DOE’s Applied Energy Offices (Fossil Energy, Nuclear Energy, and EERE) into a new Office of Energy Innovation; consolidate the Office of Electricity into the Office of Energy Resources and Economic Strategy;
- Eliminate ARPA-E, while integrating some elements into the Office of Energy Innovation; and
- Establish an Office of Energy Resources and Economic Strategy.

The Administration’s plan also includes other DOE-specific proposals. These include: 1) streamlining Environmental Management headquarters organization; 2) consolidation of the various international affairs offices into the Office of International Affairs; 3) merging Human Resources service centers, and 4) restructuring the Office of Science to improve efficiency and reduce costs.

I would like to offer some perspective on a few of the proposals:

- The vast majority of the Nation's electricity infrastructure is owned and operated by for-profit investor owned utilities. Ownership of transmission assets is best carried out by the private sector, where there are appropriate market and regulatory incentives. Eliminating or reducing the Federal Government’s role in owning and operating transmission assets and increasing the private sector’s role would encourage a more efficient allocation of economic resources and mitigate unnecessary risk to taxpayers. Divestiture of PMA assets requires Congressional authorization. The Secretary acknowledged this fact at his FY19 budget hearings.
- The creation of the Office of Energy Innovation would streamline R&D efforts across the Department by better leveraging the Department’s resources and funding.
- The elimination of ARPA-E has been in the President’s FY18 and FY19 budget proposals, yet Congress has continued to fund the program. The House Science Committee has recently proposed reforms to ARPA-E that would give the Secretary of Energy greater discretion in prioritizing ARPA-E’s research initiatives. As with all programs, DOE will follow authorizing and appropriations laws relative to ARPA-E.

- Consolidation of the Department's applied energy offices into an "Office of Energy Innovation" in order to maximize the benefits of energy R&D and would enable us to adapt more quickly to the changing energy landscape.

Conclusion

Chairman Murkowski, and all the members of the Committee, I want to thank you once again for inviting me to share the Administration's vision for the Department. The Department appreciates the Committee's interest in its realignment and priorities, and we look forward to continuing to work with you on these matters and on other opportunities to foster and promote responsible energy development and promote energy dominance.

Thank you again for the opportunity to be here today. I look forward to answering your questions.