Opening Statement: Full Committee Hearing on Clean Energy Finance
July 18, 2013
Senator Lisa Murkowski

Mr. Chairman, thank you for scheduling this important hearing.

Before we start, I want to take a moment to acknowledge the passing of Herb Allison. He devoted much of his life to public service, and we benefited from it just last year, when we considered his impressive review of the Department's loan programs. Our topic today is a complicated one, but Herb, in particular, left us better prepared to take it on – and I am grateful for that.

As many of you know, I believe there is a role for the federal government to play in facilitating the deployment of new energy technologies, including our loan guarantee program. Even in the aftermath of some high-profile failures, I have never advocated the outright termination of these authorities, though some of my colleagues have understandably taken that position.

To the contrary, former Chairman Bingaman and I spent a great deal of time looking at different authorities that might make sense to provide to a "Clean Energy Deployment Administration" at DOE. That proposal, like so many other bipartisan energy measures in recent years, languished on the Senate calendar after being reported from this Committee in 2009.

But since 2009, we've seen some event that have caused us to pump the brakes, and it required us to rethink our efforts. All you need to do is mention Solyndra and you know what we're talking about here.

Mr. Chairman, it is vital for our committee to conduct regular and intensive oversight of the programs and agencies under our jurisdiction, especially when serious or unexpected problems begin to surface.

So I want to thank the witnesses for being here with us today, and for their role not only in helping us understand what has gone wrong in our clean energy programs, but what has gone well, and where we might consider heading in the future.

For my part, I believe hearings like this are an important first step. Once we have built a record and determined the root causes of the problems we have encountered, I want to work to fix the programs that we already have.

While much of the focus today will be on macroeconomic trends, I remain focused on three specific programs: the Section 1703 and Section 1705 loan guarantee programs, and the ATVM direct loan program.

There are some similarities, but also very important differences between these three programs, so I'd like to take just a moment to review them.

Section 1703 created in 2005, relied heavily on self-paid credit subsidy costs, made any project using "new or significantly improved" technologies eligible, and has not closed on a single loan guarantee.

Section 1705, on the other hand, was created in 2009. It was accompanied by $6 billion for credit subsidy, limited eligibility to renewable and transmission projects, and closed 27 loan guarantees worth over $15 billion.

And ATVM, of course, was designed to offer direct loans to automakers. $7.5 billion was appropriated to cover credit subsidy costs, but just five loans have been issued. The last was in March 2011, and April 2010 before that. Two loan recipients appear to be on the verge of bankruptcy. And, according to GAO, the program has zero active applications.

The Department of Energy's loan programs can serve a valuable purpose, but right now we need to know if the loans and loan guarantees issued so far are as effective as we hoped. We have some tough decisions to make, and I hope we learn enough this morning to make sure those decisions are fully informed.

I'd like to thank the witnesses in advance for their contribution to that objective – and again, Mr. Chairman, thank you for scheduling this hearing.