



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 06, 2011
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 2354 — Energy and Water Appropriations Act, 2012

(Rep. Rogers, R-KY)

This Statement of Administration Policy provides the Administration's views on H.R. 2354, making appropriations for energy and water development and related agencies for the fiscal year ending September 30, 2012. The Administration is committed to ensuring the Nation lives within its means and reducing the deficit so that the Nation can compete in the global economy and win the future. That is why the President put forth a comprehensive fiscal framework that reduces the deficit by \$4 trillion, supports economic growth and long-term job creation, protects critical investments, meets the commitments made to provide dignity and security to Americans no matter their circumstances, and provides for our national security.

While overall funding limits and subsequent allocations remain unclear pending the outcome of ongoing bipartisan, bicameral discussions between the Administration and congressional leadership on the Nation's long-term fiscal picture, the Administration has concerns regarding the level of resources the bill would provide for a number of programs in a way that undermines core government functions, investments key to economic growth and job creation, as well as national security. Programs adversely affected by the bill include:

Department of Energy (DOE)

Clean Energy Research and Development (R&D). The level of funding provided for R&D of renewable energy and energy efficient technologies would undermine the ability of the United States to develop a clean energy economy and create jobs for the future. By reducing funds for key programs including Advanced Research Projects Agency – Energy, the Energy Efficiency and Renewable Energy program, and the Office of Science, the bill places at risk U.S. competitiveness in technologies and expanding markets such as electric vehicles and batteries, new "drop-in" hydrocarbon biofuels, cost-saving energy-efficient systems for homes and businesses, advanced manufacturing materials and processes, and cost-competitive solar energy and offshore wind power.

Climate Research. The funding level for the Office of Science's Biological and Environmental Research program would hamper the Administration's efforts to conduct and support scientific research on the relationship between energy production and the environment. The Administration also strongly disagrees with the Committee Report suggestion that climate and atmospheric research are unrelated to DOE's core basic science mission.

Innovative Technology Loan Guarantee Program (Title XVII). The bill significantly reduces credit subsidy budget authority for the Title XVII Loan Guarantee Program, which helps finance renewable energy and efficient end-use projects. The bill also does not provide any additional loan volume authority for nuclear power projects or any of the requested funds for a new Better Building Pilot Loan Guarantee Program. These programs are an important part of the Nation's efforts to deploy innovative clean energy technologies, and these reductions may slow progress toward a

clean energy future.

Yucca Mountain License. Continued funding of the Yucca Mountain license application will divert funds from the Nation's efforts to advance fuel cycle technologies and develop waste management options. The Administration has established a Blue Ribbon Commission to inform the development of a new strategy for nuclear waste management and disposal.

Environmental Management. The level of resources in the bill may affect DOE's ability to meet its goals for cleaning up legacy waste from its nuclear programs.

Nuclear Posture Review Goals and Maintaining a Safe, Secure and Effective Nuclear Deterrent. The Administration objects to the funding reduction in Title III, Weapons Activities, which will delay the achievement of a number of important Nuclear Posture Review (NPR) goals. The full request supports the Administration's commitment to modernization of the nuclear weapons complex made in the NPR and reaffirmed as part of the New START treaty ratification process.

Defense Nuclear Nonproliferation. The Administration objects to funding reductions in Title III, Defense Nuclear Nonproliferation in the Fissile Materials Disposition and Highly Enriched Uranium (HEU) Reactor Conversion. These reductions will undermine U.S. ability to begin disposing plutonium in 2018 and delay efforts to reduce usage of HEU in nuclear reactors worldwide.

Corps of Engineers (Corps)

Construction and New Starts. The bill provides excess funding for the Corps' construction program while also underfunding some of the highest priority construction projects, including the South Florida Ecosystem Restoration Program, a nationally significant effort that includes the Everglades. The bill's "no new start" prohibition would preclude funding the limited number of priority new starts in the President's Budget, including an important new program to reverse damage to the coastal Louisiana ecosystem and a study called for by the Congress to examine flood risks nationwide in order to improve existing programs.

Department of the Interior, Bureau of Reclamation

Indian Water Rights Settlements. Absorbing funding for Indian water settlements in the Bureau's primary funding account would limit the Bureau's ability to fund other high priority programs, such as its water conservation activities.

San Joaquin Rescission. Rescinding unobligated balances from the San Joaquin Restoration Fund would undermine the San Joaquin River Restoration Settlement's goals to restore and maintain fish populations and reduce or avoid water supply impacts.

Department of Transportation, Federal Railroad Administration

High Speed Rail Balances. The Administration opposes the rescission of unobligated balances that have already been competitively awarded to projects across the country. These projects will create jobs and make needed improvements to the intercity passenger rail network. Rescinding funds now would significantly disrupt States' planning and construction efforts, which count on their committed amounts.

The bill includes the following problematic policy and language issues:

Clean Water Act. Section 109 of the bill would stop an important Administration effort to provide clarity around which water bodies are covered by the Clean Water Act. The Administration's work in this area will help to protect the public health and economic benefits provided to the American public by clean water, while also bringing greater certainty to business planning and investment and reducing an ongoing loss of wetlands and other sensitive aquatic resources. The existing regulations were the subject of two recent Supreme Court cases, in which the Court itself indicated the need for greater regulatory clarity regarding the appropriate scope of the Clean Water Act jurisdiction.

Fighting Fraud, Waste, and Abuse. The Administration is concerned with sections 606 and 607 of the bill and looks forward to working with the Congress to achieve the intended purpose of protecting the interest of the Nation's taxpayers, which is consistent with the Administration's efforts to fight fraud, waste, and abuse in Federal contracts, grants, and other Federal assistance.

Innovative Technology Loan Guarantee Program (Title XVII). Section 312 of the bill, requiring release of pre-decisional, business-sensitive information, could negatively impact the Title XVII loan program, potential applicants, and related private-sector entities. Not protecting business-sensitive information of applicants to the program could have significant market implications for the companies and could encourage "gaming the system" by applicants, including by discouraging them from sharing information with the Department which is critical to ensuring the Government establishes accurate cost estimates.

Regulatory Restriction. Section 313 of the bill unnecessarily limits and delays the Department's activities on regulations as defined under Executive Order 12866 for energy efficient appliances and potentially other regulatory activities.

The Administration looks forward to working with the Congress as the fiscal year 2012 appropriations process moves forward.

* * * * *