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OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

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(Senate)

STATEMENT OF ADMINISTRATION POLICY

Senate Amendment to H.R. 2028 – Energy and Water Development and Related Agencies Appropriations Act, 2017 (Sen. Cochran, R-MS)

This Statement of Administration Policy provides views on the Senate Amendment to H.R. 2028, containing the text of S. 2804, making appropriations for energy and water development and related agencies for the fiscal year ending September 30, 2017, and for other purposes.

The Administration welcomes the bill's investments in improving resilience against current and ongoing climate impacts that threaten our economy, public health, and natural resources, as well as the Committee's stated support for the premise and goals of Mission Innovation. Additionally, the Administration appreciates the Committee's work to support investments in critical nonproliferation efforts and in maintaining a safe, secure, and effective nuclear arsenal. However, the bill underfunds critical energy research and development activities and fails to put us on an achievable path toward doubling clean energy research and development by FY 2021. Specifically, the Administration objects to the low funding levels provided for the Advanced Research Projects Agency-Energy and the Office of Energy Efficiency and Renewable Energy. Reductions in both of these programs significantly below the FY 2017 Budget request would undermine critical activities that support the development and commercialization of clean energy technologies. At this funding level, the number of research, development, and demonstration projects supported in cooperation with industry, universities, and the national labs would be reduced, limiting innovation and technological advancement. Funding at this level also would impede development of solutions to reduce U.S. dependence on oil and reduce energy waste, and undermine the Nation's competitiveness in the future global clean energy economy.

The Administration supports the bill's investments in restoring the Nation's aquatic ecosystems, improving commercial navigation, and helping local communities reduce the risk of floods. However, the Administration believes funding included in the bill for the Army Corps of Engineers beyond the FY 2017 Budget request would not provide a high return on investment to the American taxpayer.

In October 2015, the President worked with congressional leaders from both parties to secure the Bipartisan Budget Act of 2015 (BBA), which partially reversed harmful sequestration cuts slated for FY 2017. By providing fully-paid-for equal dollar increases for defense and non-defense spending, the BBA allows for investments in FY 2017 that create jobs, support middle-class families, contribute to long-term growth, and safeguard national security. The Administration looks forward to working with the Congress to enact appropriations that are consistent with that agreement, and fully support economic growth, opportunity, and our national security priorities. However, the Administration strongly objects to the inclusion of problematic ideological provisions that are beyond the scope of funding legislation. If the final bill that is presented to

the President includes such provisions, the President's senior advisors would recommend that he veto the bill.

The Administration would like to take this opportunity to share additional views regarding the Committee's version of the bill.

Department of Energy (DOE)

Mission Innovation. The Administration appreciates the Committee's stated support for the premise and goals of Mission Innovation and the support expressed for the related regional consortia. However, the bill underfunds critical energy research and development activities and fails to put us on an achievable path toward doubling clean energy research and development by FY 2021. The bill underfunds investment in our students, scientists, engineers, and entrepreneurs; our businesses and universities; and our future economy. This would slow the pace of progress on breakthroughs in energy efficiency and clean energy; undermine America's long-standing, nonpartisan support for pioneering research that seeks solutions to pressing problems; and hinder our ability to harness the power of new ideas and innovation to drive sustained economic growth in the clean energy economy of the future.

Advanced Research Projects Agency-Energy (ARPA-E). The Administration objects to the \$293 million provided in the bill for ARPA-E, a reduction of \$57 million or 16 percent from the discretionary request for ARPA-E in FY 2017 Budget request. This reduction would hinder the ability to invest in transformational technologies that reduce energy-related emissions, increase energy efficiency across multiple economic sectors, and reduce energy imports.

Office of Energy Efficiency and Renewable Energy (EERE). The Administration strongly objects to the \$2.1 billion provided in the bill for the EERE. Overall, this level is \$825 million below the FY 2017 Budget request. Relative to the FY 2017 Budget request, the bill reduces funding for renewable energy by 26 percent, sustainable transportation by 27 percent, and energy efficiency by 20 percent. These reductions would significantly underfund critical activities that support the development and commercialization of clean energy technologies including wind energy, electric and other advanced vehicles, and building technologies. At this funding level, the number of research, development, and demonstration projects supported in cooperation with industry, universities, and the national labs would be reduced, limiting innovation and technological advancement. Funding at this level also would curtail solutions to reduce U.S. dependence on oil and reduce energy waste, and undermine the Nation's competitiveness in the future global clean energy economy. The Administration urges the Congress to fully fund the FY 2017 Budget request of \$2.9 billion.

Electricity Delivery and Energy Reliability. The Administration objects to the \$206 million provided in the bill for Electricity Delivery and Energy Reliability. The FY 2017 Budget requested funding levels for research and development (R&D) that provide for a balanced R&D portfolio. This includes funding for important energy storage and transformer resilience and advanced components activities as well as materials activities via the proposed Grid Manufacturing Institute. Both the State Distribution-Level Reform and State Energy Assurance programs respond to important Quadrennial Energy Review recommendations and the Administration encourages the Congress to fund these programs.

Office of Science. While the Administration appreciates the Committee's support for the Office of Science, the level of funding provided, which is \$172 million below the discretionary total of the FY 2017 Budget request, would significantly impact basic R&D programs.

Strategic Petroleum Reserve (SPR). The Administration opposes the \$200 million level provided for SPR. At the bill level, important investments in SPR maintenance activities would be deferred potentially adversely impacting operational readiness.

Energy Information Administration (EIA). The Administration urges the Congress to fully fund the FY 2017 Budget request of \$131 million for EIA to fully fund investments in adding regional detail to petroleum data, enhancing commercial building energy efficiency data and expanding international analysis.

Nuclear Waste. The Administration appreciates the Committee's support for implementing a workable solution for the management and disposal of the Nation's nuclear waste.

Departmental Administration. The Administration appreciates language in the bill which provides flexibility to the Department in the management and funding of its support functions within this account. However, a 10-percent reduction from the FY 2017 Budget request may significantly hinder DOE's ability to effectively implement priority management objectives such as project management and cost estimating, which ultimately drive greater efficiency within the agency.

National Nuclear Security Administration (NNSA). The Administration appreciates the Committee's strong support for NNSA's Weapons Activities, Defense Nuclear Nonproliferation, and Naval Reactors programs.

Digital Accountability and Transparency Act of 2014 (DATA Act). While the Administration appreciates the funding provided in the bill for DOE to implement the DATA Act, the Administration urges the Congress to fully fund the FY 2017 Budget request for the Nuclear Regulatory Commission to implement the DATA Act. This funding would support efforts to provide more transparent Federal spending data, such as updating information technology systems, changing business processes, and employing a uniform procurement instrument identifier.

U.S. Digital Service Team. The Administration urges the Congress to fully fund the FY 2017 Budget request for DOE and the Nuclear Regulatory Commission to develop a U.S. Digital Service team. This funding would support efforts to manage digital services that have the greatest impact to citizens and businesses.

Corps of Engineers – Civil Works (Corps)

Overall Funding. The bill funds the Corps civil works program at a net level of \$6 billion. The Administration believes the more appropriate overall funding levels proposed in the FY 2017 Budget request which would limit spending on projects that provide a low return to the Nation.

Ecosystem Restoration. The Administration appreciates the Committee's support for ecosystem restoration activities, such as Louisiana Coastal Area Ecosystem Restoration, Columbia River,

South Florida Ecosystem Restoration, and Missouri River Fish and Wildlife Recovery, at the levels provided in the FY 2017 Budget request.

Technical Assistance. The Administration also appreciates the Committee's support for funding ongoing efforts that provide local communities with technical and planning assistance to enable them to reduce their flood risk, including nonstructural approaches.

Fill Material under the Clean Water Act. The Administration believes that it is essential to retain Federal agencies' discretion to pursue rulemakings they deem necessary to protect America's clean water resources, which are critical to American families and businesses. The Administration objects to section 103 of the bill, which could hamstring future regulatory work in this area, putting our water resources at risk.

Department of the Interior, Bureau of Reclamation and Central Utah Project

Overall Funding. The bill provides \$1.2 billion for the Bureau of Reclamation and \$10 million for the Central Utah Project Completion Act. The Administration appreciates the Committee's support for priorities within the Bureau of Reclamation's program, as reflected in the FY 2017 Budget request, including the San Joaquin River Restoration Program, Indian Water Rights settlements, and the WaterSMART program.

The Administration looks forward to working with the Congress as the FY 2017 appropriations process moves forward.

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