

June 8, 2017

The Honorable Rick Perry
Secretary of Energy
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Re: Fiscal Year 2018 Office of Energy Efficiency and Renewable Energy Budget

Dear Secretary Perry:

The U.S. Department of Energy (DOE) is the single largest funder of clean energy innovation in the United States, and our nation will be hindered in the global energy market without a strategic and well-funded DOE research portfolio, including basic science, energy efficiency, renewable energy, nuclear energy, fossil energy, and electricity reliability.

We are the entire group of Senate-confirmed Republican and Democratic Assistant Secretaries of Energy who led the DOE Office of Energy Efficiency and Renewable Energy (EERE) between 1989 and 2017. We are particularly concerned about the Administration's recent proposal to cut the EERE budget by 69% from FY2017 enacted levels. While we have not always agreed on the relative emphasis of various elements of the EERE budget we are unified that cuts of this magnitude in the proposed FY18 budget will do serious harm to this office's critical work and America's energy future.

EERE-supported research, development, and demonstration in energy efficiency, transportation, renewable energy, clean energy manufacturing and electric grid modernization are critical to encouraging U.S. innovation, creating good-paying jobs, cutting pollution, and ensuring American global competitiveness. Other important EERE programs, with similar benefits, focus on setting efficiency standards for appliances and equipment, helping states deliver energy efficiency improvements, leading the federal government's efforts to reduce its own \$23 billion annual energy bill, and cutting energy use in low-income homes.

This is a particularly inauspicious time to cut the EERE budget. World-wide investment in clean energy now measures in the hundreds of billions of dollars annually. Governments across the globe—and companies large and small—want a piece of this massive economic pie representing tens of trillions of dollars over the next three decades and millions of jobs. China, in particular, has made it a high priority to lead the globe in the clean energy industry and is reorganizing its energy R&D and deployment efforts in a broad array of clean energy technologies, many of them first developed in the U.S. at taxpayer expense. It is telling that China intends to spend more than \$360 billion on renewables through 2020 and create 13 million jobs.¹ We ignore China's resolve—and success to date—at our peril.

U.S. energy security, a key focus of Congress and the administration, requires a reliable and resilient electricity system. Fundamental performance characteristics of the grid are changing due to increasing use of variable supplies, electronic converters for motor drives, lights, and other equipment, and grid communications and control with the shift from analog to digital systems. These changes have the potential to improve grid economics and performance, but also require greater agility to optimize operations, reduce response time to system failures, and confront new vulnerabilities such as cybersecurity. R&D to develop the capabilities needed in a modernized grid is critical, yet the electric utility sector invests just 0.2 percent of sales in R&D. R&D by EERE and DOE's Office of Electricity Reliability and Energy Delivery (with a proposed 48% cut) is pivotal in meeting these grid modernization challenges.

¹ Reuters, January 5, 2017 <http://www.reuters.com/article/us-china-energy-renewables-idUSKBN14P06P>

Finally, federal appliance and equipment efficiency standards, set by EERE since 1987, are the “little engine that could” when it comes to stimulating massive low-cost energy savings. DOE estimates that existing efficiency standards will, on a cumulative basis, save consumers nearly \$2 trillion on their utility bills between 1987 and 2030. While not without occasional controversy, these standards have long enjoyed bipartisan support. Standards for many types of residential, commercial, and industrial equipment are required to be regularly updated in order to capture the impact of technology advances and push these advances into the market. Thus, a refrigerator in 1973 used about 1900 kWh of electricity per year but federal R&D and standards have helped drop that electricity use to about 400 kWh per year, saving a typical household roughly \$150 per year.

As six Republican Senators wrote earlier this month, referencing EERE and other DOE offices, “We cannot lose the technological advantages we have gained through research and development. Governing is about setting priorities and the federal debt is not about Congress overspending on science and energy research each year.” We share this view and we urge you to set the FY18 EERE budget at a level that will ensure the continued effectiveness of this critical federal program.

We would be honored to meet with you and share our views on the EERE budget and, more broadly, how to improve the productivity of the entire DOE energy RD&D portfolio in a bipartisan effort to secure America’s energy future.

Sincerely,

Dan W. Reicher, EERE, 1997-2001
DOE Chief of Staff, 1996-1997
DOE Assistant Secretary for Policy (Acting) 1995-1996
(President Bill Clinton)

David Danielson, EERE, 2012-2016
Program Director, ARPA-e, 2009-2012
(President Barack Obama)

Cathy Zoi, EERE, 2009-2011
DOE Under Secretary (Acting), 2010-2011
(President Barack Obama)

Alexander “Andy” Karsner, EERE, 2006-2008
(President George W. Bush)

David Garman, EERE, 2001-2005
DOE Under Secretary, 2006-2007
(President George W. Bush)

Christine A. Ervin, EERE, 1993-1997
(President Bill Clinton)

Mike Davis, EERE, 1989-1992
(President George H.W. Bush)

cc:

Mick Mulvaney, Director of the Office of Management and Budget
Mary Neumayr, Acting Chair of the Council on Environmental Quality
Brian McCormack, Chief of Staff to Secretary of Energy
Daniel Simmons, Acting Assistant Secretary, EERE
Jim Herz, Associate Director, Natural Resources Program, Office of Management and Budget, Executive Office of the President
Mike Catanzaro, Special Assistant to the President for Domestic Energy and Environmental Policy, National Economic Council