

President's Energy Budget Invests in Innovation, Clean Energy, and National Security Priorities

DOE also making tough budget choices and instituting management reform efforts to save taxpayer money



Secretary Steven Chu

Washington, D.C. – U.S. Secretary of Energy Steven Chu today detailed President Barack Obama's \$29.5 billion Fiscal Year 2012 budget request for the Department of Energy, emphasizing that it is part of an Administration-wide plan to win the future by out-innovating, out-educating and out-building the rest of the world. At the same time, the FY 2012 makes tough choices, cutting programs and expenses to underscore the Administration's commitment to fiscal responsibility and shared sacrifice.

"The United States faces a choice today: will we lead in innovation and out-compete the rest of the world or will we fall behind? To lead the world in clean energy, we must act now. We can't afford not to.

Through our investments, we are laying the groundwork for the nation's future prosperity and security," said Secretary Chu. "While we are investing in areas that are critical to our future, we are also rooting out programs that aren't needed and making hard choices to tighten our belt. Additionally, we are improving our management and operations so we function more efficiently and effectively."

Specifically the President's FY 2012 budget request for the Department of Energy:

- Puts the nation on the path to reach a bold but achievable goal of generating 80 percent of America's electricity from clean sources by 2035 as called for by the President.
- Supports groundbreaking basic science, research and innovation to solve our energy challenges and ensure that the United States remains at the forefront of science and technology.
- Leads in the development and deployment of clean and efficient energy technologies to reduce our dependence on oil, accelerate the transition to a clean energy economy and promote economic competitiveness; and
- Strengthens national security by reducing nuclear dangers, maintaining a safe, secure and effective nuclear deterrent and cleaning up our Cold War nuclear legacy.
- Advances responsible environmental management by cleaning up hazardous, radioactive legacy waste from the Manhattan Project and the Cold War.

Some highlights in the FY 2012 budget include:

- \$3.2 billion for energy efficiency and renewable energy programs, because investing in clean energy will strengthen our security, protect our planet, and create countless new jobs here at home.
- Promoting renewable energy and energy efficient projects with \$300 million in credit subsidies to support approximately \$3-4 billion in projects.
- \$36 billion in loan guarantee authority to help jumpstart the domestic nuclear industry, as well as additional investments in the research and development of advanced nuclear technologies, including small modular reactors. Combined with existing authority, the

additional loan guarantee authority will support 6 to 8 nuclear power projects, which will result in the construction of anywhere from 9 to 13 new reactors.

- To spur innovation, the President's budget request invests in basic and applied research and keeps us on the path to doubling funding for key science agencies, including the Department's Office of Science.
- \$5.4 billion for the Office of Science to expand our investment in basic energy sciences, advanced scientific computing and biological and environmental sciences – all key areas for our future economic competitiveness.
- \$550 million for the Advanced Research Projects Agency-Energy (ARPA-E) to continue support for the promising early-stage research projects that could deliver game-changing clean energy technologies.
- \$146 million to support the three existing Energy Innovation Hubs and to establish three new Hubs in the areas of batteries and energy storage; smart grid technologies and systems; and critical materials. Through the Hubs, we are bringing together our nation's top scientists and engineers to work over a longer time frame to achieve a specific goal.
- \$100 million to continue supporting 46 Energy Frontier Research Centers started in 2009.
- A five-year FY 12 to FY 16 request of nearly \$65 billion for the National Nuclear Security Administration (NNSA) reflects the President's nuclear security priorities, as well as his commitment to modernize the U.S. nuclear weapons enterprise and sustain a strong nuclear deterrent for the duration of the New START Treaty and beyond.
- To support the President's goal of securing all vulnerable nuclear material around the world in four years, the budget invests \$2.5 billion in the NNSA Defense Nuclear Nonproliferation program. This is part of a five-year, \$14.2 billion commitment for the program.

In developing this budget, several program reductions and terminations are proposed, further demonstrating the Obama Administration's commitment to fiscal responsibility. The Department also continues to make progress on a management excellence agenda to improve our operations.

They include:

- In the Office of Energy Efficiency and Renewable Energy, DOE reduced funding for the hydrogen technology program by more than 40 percent, or nearly \$70 million in order to focus on technologies deployable at large scale in the near term.
- In January, DOE decided that it would end operation of the Tevatron, at the Fermi National Laboratory, rather than extend them through FY 2014. It is projected this decision will save the Department \$35 million for FY 2012.
- DOE has reduced the budget for the Fossil Energy Office by 45 percent, or \$418 million. This includes zeroing out the Fuels Program, the Fuel Cells Program, the Oil and Gas Research and Development Program, and the Unconventional Fossil Technology Program.
- The proposal to repeal a number of subsidies and tax preferences available for fossil fuels. Repeal of these subsidies and preferences will save the taxpayer approximately \$3.6 billion in FY 2012.
- The Department is reducing administrative expenses across all programs in the FY 2012 budget from FY 2010 levels.

In the FY 12 budget request, the Department was able to reduce the cost of its corporate management by nearly 13 percent, cutting nearly \$45 million from its budget. Some of these spending reductions came from:

- Office of the Secretary: 14 percent reduction;
- Office of the Chief Financial Officer: 16 percent reduction;
- Office of the Chief Information Officer: 17 percent reduction;
- Office of Human Capital Management: 22 percent reduction;
- Office of Public Affairs: 16 percent reduction

For more information about the Administration's Fiscal Year 2012 budget proposal for the Department of Energy, please visit energy.gov.

Editorial Date February 14, 2011
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