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Washington, DC 20585
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[Online DOE FOIA Request Form](#)

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Department of Energy

Washington, DC 20585

JUL 15 2013

Re: FOIA HQ-2013-00913-F

This letter is in response to the request for information you sent to the Department of Energy (DOE) under the Freedom of Information Act (FOIA), 5 U.S.C. §552. You requested:

1. DOE responses to correspondence from Congressional Committee Chairpersons.
2. DOE responses to correspondence from Sub-Committee Chairpersons.

Your request was assigned to the Loan Programs Office (LPO) to conduct a search of our files for responsive documents. The LPO's search located responsive documents and they were reviewed by DOE personnel. We continue to process our review of other records you requested. If they can be released, we will do so as soon as possible.

You may obtain additional information by contacting Ms. Wendy Pulliam by email at Wendy.Pulliam@hq.doe.gov or by telephone at (202) 586-4347.

Sincerely,

A handwritten signature in black ink, appearing to read "David G. Frantz", is written over the typed name.

DAVID G. FRANTZ,
DEPUTY EXECUTIVE DIRECTOR
LOAN PROGRAMS OFFICE

Enclosure



Printed with soy ink on recycled paper



Department of Energy

Washington, DC 20585

February 14, 2012

The Honorable Darrell E. Issa
Chairman
House Committee on Oversight
And Government Reform
U.S. House of Representatives
Washington, DC 2 0515

Dear Chairman Issa:

Thank you for your January 3, 2012, letter regarding the Department of Energy's (DOE) loan guarantee to Stephentown Regulation Services, LLC (Stephentown), a wholly-owned subsidiary of Beacon Power Corporation (Beacon). Secretary Chu has asked me to reply on his behalf. With this letter, the Department is enclosing documents responsive to the Committee's request.

I want to note at the outset that, as we have emphasized in previous communications with your staff, the information contained in this letter includes highly sensitive and confidential business information, the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, some of the information transmitted herewith may include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. This document may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We, therefore, respectfully request that the Committee consult with the Department before releasing this information or any portion thereof.

In August 2010, the Department closed on a \$43.1 million loan guarantee for the Stephentown financing, of which \$39.1 million was ultimately disbursed. Proceeds of the guaranteed loan were used by Stephentown to partially fund the construction of a flywheel-based energy storage facility that provides regulation services to the New York power market. The Stephentown facility began commercial operations at partial load in early 2011, and was delivering its full capacity by June 2011.

The loan guarantee to Stephentown was issued under Section 1705 of Title XVII of the Energy Policy Act of 2005 (added to Title XVII by the American Recovery and Reinvestment Act of 2009 (ARRA)), although the application was initially filed under Section 1703 of Title XVII. As a matter of policy, DOE required the project to satisfy the eligibility requirements imposed by Congress under each section, including the Section 1703(a) requirement that the project employ a "new or significantly improved" (*i.e.*, innovative) technology. As discussed below, innovative technologies entail greater risk than similar, more established commercial technologies, and projects using innovative technology can be expected to have ratings that reflect the greater uncertainty inherent in the innovation requirement of Section 1703.



DOE conducted a thorough underwriting and credit analysis of the Stephentown project; prepared a risk rating matrix; and, like S&P, assigned the project a rating of CCC+. The Office of Management and Budget affirmed that rating, which was taken into account in computing the credit subsidy cost of the project's loan guarantee. In addition, DOE determined, as required by Section 1702, that there was a "reasonable prospect of repayment" of the guaranteed loan.

Under each 1705 Solicitation, as well as under Section 609.9(f) of the Final Rule for Loan Guarantees for Projects That Employ Innovative Technologies, 10 CFR Part 609 (the "Final Rule"), each project in the LPO portfolio received a credit rating from a nationally recognized credit rating agency prior to issuance of the loan guarantee. Copies of the independent credit rating for each applicable 1705 loan guarantee transaction are enclosed with this letter.

Section 1705 is not restricted by the innovation requirement of Section 1703, leaving DOE the flexibility to finance more traditional, lower risk commercial technology projects, as well as higher risk innovative projects. By financing both types of projects, under separate solicitations with appropriately distinct requirements, DOE ensured a measure of balance in its portfolio to better protect taxpayer dollars.

Nothing in Title XVII or the Final Rule requires DOE to establish a minimum credit rating for loan guarantee transactions. The Solicitation for Federal Loan Guarantees for Commercial Technology Renewable Energy Generation Projects (the "FIPP Solicitation"), which is discussed further below, is the only Section 1705 solicitation under which we issued guarantees that required a minimum credit rating. It is also the only solicitation under which DOE issued partial guarantees. Given the nature of projects financed under other solicitations, partial guarantees would have been impractical, as commercial lenders were unlikely to participate except on terms that would have been economically prohibitive for the projects.

Requiring a BB (or equivalent) credit rating for such fully guaranteed projects would have rendered many innovative projects ineligible for a loan guarantee. DOE does not believe that this result would have served the goals of the ARRA or Title XVII, as enacted by Congress in 2005. Accordingly, outside of the FIPP Solicitation, DOE has relied on the standard set by Congress, in Section 1702(d)(1), that there be a "reasonable prospect of repayment" of the guaranteed loan and on the credit subsidy cost computation mandated by the Federal Credit Reform Act of 1990, which establishes loan loss reserves in an amount determined by reference to the project's level of credit risk.

The program conducted under the FIPP Solicitation was designed to further the goals of ARRA by expanding private sector credit capacity and enabling rapid deployment of DOE's ARRA funding. To that end, the FIPP Solicitation required (among other matters) that (i) applications be filed by commercial lenders who had conducted an independent project evaluation, (ii) commercial institutions bear, on an unguaranteed basis, 20% of the risk of the loan, (iii) the projects use commercially available technologies and (iv) the transaction receive a credit rating of BB or the equivalent from a nationally recognized credit rating agency. Because of the involvement of commercial lenders, the relatively strong credit rating requirement, and other standardized features of the FIPP Solicitation, DOE believed that loan guarantee applications under the FIPP Solicitation would be processed and implemented with greater efficiency, thereby

expanding DOE's capacity to deploy its ARRA funds "as quickly as possible consistent with prudent management," as mandated by Congress.

A list of all of Beacon's assets and liabilities, as compiled and submitted to the Bankruptcy Court by Beacon are enclosed. We would note that we are not in a position to attest to the accuracy of how the filings distinguish between assets owned by Beacon and assets owned by Stephentown. The Department of Justice is representing the U.S. Government in this litigation.

As far as we know, there is no market valuation of these individual assets and liabilities as of a date prior to the bankruptcy filing. DOE did, however, develop analyses of the market value of the Stephentown facility as an operating entity shortly before the bankruptcy filing. This valuation was based on the going-concern business of the facility. As detailed in the attached document captioned "Stephentown Valuation," a number of scenarios were evaluated based on varying regulation service price levels and investor discount rates.

DOE's recovery on the loan guarantee is determined by the results of the chapter 11 proceeding. The bankruptcy court conducted an auction of Beacon's assets (including the Stephentown assets) on February 3, 2012. Under terms of the agreement and subject to court approval on February 7, 2012, Rockland Capital will purchase substantially all of the assets of Beacon and Stephentown for a combination of cash and a promissory note, totaling \$30.5 million, along with additional guarantees and funding obligations to DOE of \$6.6 million. Under the terms of the deal, the DOE stands to recover more than 70 percent of the taxpayer's investment.

As noted above, DOE provided a loan guarantee to Stephentown, not a credit line to Beacon. All proceeds of the DOE-guaranteed loan, along with equity provided by Beacon's investors, were used to acquire, install and commission equipment at the facility.

Please see the attached list of eligible project costs for Stephentown. Those were the only costs permitted to be paid from proceeds of the DOE guaranteed loan. We do not have access to a list of expenditures for Beacon, as Beacon was not the borrower.

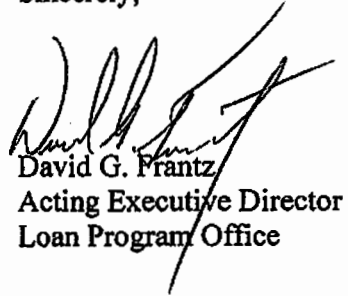
On October 30, 2011, Beacon and Stephentown filed voluntary petitions under chapter 11 of the Bankruptcy Code. As noted above, the DOE-guaranteed loan was not used to recapitalize Beacon. It was used solely to construct the Stephentown facility, which is currently operational. At the time of the filing, Stephentown (the borrower of the DOE-guaranteed loan) had the cash flow necessary to pay its bills as they came due.

Beacon is a publicly traded company (NASDAQ, "BCON"), which has made periodic public disclosures concerning the financial condition of the company and the risks that ultimately led to its decision to file for bankruptcy protection. Beacon chose also to put its subsidiaries (including Stephentown) into bankruptcy, even though Stephentown was not, at the time of the filing, experiencing liquidity problems. As discussed further in the Beacon bankruptcy filings, there were concerns about the level of market prices for frequency regulation services in the New York area and the impact that continued low prices might have on Stephentown's ability to service the guaranteed loan. At the time of the filing, however, the Stephentown project was

nearing completion, was current on all debt service, and was not required to begin repayment of the loan until September 2012.

Enclosed are documents that are responsive to the Committee's request. If we can be of further assistance, please do not hesitate to contact me or Christopher Davis, Deputy Assistant Secretary for House Affairs, in DOE's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,



David G. Frantz
Acting Executive Director
Loan Program Office

Enclosures

cc: The Honorable Elijah Cummings, Ranking Member



Department of Energy
Washington, DC 20585
MAR 16 2012

The Honorable Darrell E. Issa
Chairman
House Committee on Oversight
and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Secretary Chu has asked me to respond to your January 11, 2012, letter regarding the loan guarantee issued to John Hancock Financial Services ("John Hancock") to support a loan to finance the Blue Mountain geothermal power generating project in Pershing and Humboldt Counties, Nevada (the "Blue Mountain Project").

The information contained in this letter includes highly sensitive and confidential business information the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, some of the information transmitted herewith may include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. This document may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We, therefore, respectfully request that the Committee consult with the Department of Energy (the "Department" or "DOE") before releasing this information or any portion thereof.

The Blue Mountain Project consists of a well field, fluid collection and injection systems, a power plant, and associated facilities that enable geothermal energy to be extracted from below the Earth's surface and converted into electricity. The project company has a 20-year power purchase agreement to sell electricity to the Nevada Power Company.

Geothermal energy is a renewable resource available in vast quantities in the western United States. According to the U.S. Geological Survey, there may be as much as 16,500 megawatts of untapped power just from resources already identified. The United States is the world leader in geothermal electricity production, with about 3,500 megawatts of installed capacity and 25,000 workers.

The Blue Mountain Project loan guarantee was issued under the Financial Institution Partnership Program ("FIPP"), a program implementing Section 1705 of Title XVII, enacted in the American Recovery and Reinvestment Act of 2009 ("ARRA"). FIPP was designed to expand aggregate credit capacity for U.S. renewable energy generation projects that use commercial technologies. In a FIPP financing, the Department



guarantees no more than 80 percent of a loan provided by one or more private lenders, which means that the private lenders share the credit risks with the Department.

At the time of DOE's review of the Blue Mountain Project, the John Hancock Power and Infrastructure team managed a \$14.7 billion portfolio. With experience in over 15 renewable energy sector financings, nine of which had been in geothermal, John Hancock had the requisite expertise to evaluate and structure the Blue Mountain Project.

It is critical to distinguish between the project company that received the DOE-guaranteed loan (i.e., the borrower) and its affiliates. John Hancock's loan in the principal amount of \$98.5 million (partially guaranteed by DOE in the amount of \$78.8 million) is to the project company, NGP Blue Mountain 1 LLC ("NGP 1"), that owns the Blue Mountain Project and has a long-term contract to sell the electricity generated by the project. This structure provides a contractual stream of revenues to repay the DOE-guaranteed loan. Indeed, the project company has consistently made its payments on the DOE-guaranteed loan on time and in full.

The immediate parent of the project company is NGP Blue Mountain Holdco LLC ("Holdco"). Holdco is the borrower of a mezzanine loan from funds managed by EIG Global Energy Partners ("EIG," formerly part of Trust Company of the West ("TCW") referenced in your letter). Holdco is owned by the sponsor, Nevada Geothermal Power Inc. ("NGP"). Exhibit A to this letter provides a diagram of this structure.

The Department holds a first-priority perfected security interest in the project assets and the stock of the project company, NGP 1. The mezzanine lenders do not have a lien on any project assets and their interests are fully subordinated to the Department's interests in the project company. Holdco's obligations to the mezzanine lenders do not affect the project company's ability to repay the DOE-guaranteed loan. Fitch issued a "BB+" rating in July 2010 to the project (without the benefit of a DOE loan guarantee or any other credit support that would not be available to DOE).

Section 1705 was intended to address the then "current economic conditions" and "contraction of the credit market" resulting from the 2008 financial crisis. See H.R. Rep. No. 111-4, at 31-32 (2009) (the House Report). The House Report states:

This new loan program would provide loan guarantees for proven renewable technologies... The temporary program is designed to address the current economic conditions of the nation for renewable projects... Due to the contraction of the credit market and lower bond ratings for companies, renewable... projects have been postponed, [and] this loan program is intended to provide adequate capital to construction [of a] new generation of renewable energy projects.

The FIPP program was designed to expand aggregate credit capacity to mitigate the effects of the credit crisis on renewable energy generation projects using commercial technology: "FIPP is intended to...expand senior credit capacity for the efficient and

prudent financing of eligible projects under Section 1705 of Title XVII that use Commercial Technology.” (FIPP Solicitation, p. 6)

The Blue Mountain Project sponsor, NGP, attempted to complete financing of the project in 2008 with Morgan Stanley as arranger; but, given the severe credit market contraction, that financing did not close. NGP obtained stop-gap funding under the mezzanine financing from TCW to partially fund the construction costs of the facility after it realized it could not secure permanent bank project financing in the midst of the financial crisis. The structure of the mezzanine loan and its terms and conditions differ substantially from those of a long-term loan designed to be permanent project financing.

John Hancock applied for the DOE guarantee in November 2009 under the FIPP Solicitation issued in October 2009. John Hancock proposed to provide a senior, long-term financing package, which included funding for further development of the geothermal resource. Under the partial DOE guarantee, John Hancock and DOE share the project’s credit exposure, and John Hancock, as lender, and DOE, as guarantor, separately evaluated the project’s long-term credit risks. TCW’s stop-gap mezzanine funding absorbed project risk during an interim period and substantially de-risked the project. DOE’s guarantee was designed to support John Hancock in providing senior, long-term financing for a promising renewable energy project affected by the financial crisis and, through the sharing with John Hancock of credit exposure, expand aggregate credit capacity for senior, long-term financing available to renewable energy projects.

Part of the proceeds of the DOE-guaranteed loan was used by the project company to reimburse Holdco for construction costs. Because a portion of Holdco’s funding of those costs had been provided by the stop-gap mezzanine funding, that reimbursement was used by Holdco to partially repay the mezzanine loan. NGP, EIG, and John Hancock all continue to hold “skin in the game.” NGP has invested significant equity in the project; the EIG-managed funds have, through their Holdco investment, a continuing exposure to the dividend performance of the project company; and John Hancock, which funded the entire loan amount out of its funds, continues to hold a significant unguaranteed credit exposure to the project. Thus, three private sector investors have concluded that the Blue Mountain Project is worth a significant investment of their own capital, and it is incongruous to suggest that a commercial institution like Hancock has put its own capital at risk to “bail out” another commercial institution like EIG.

DOE does not rely on NGP’s credit, and because of the structural protections described above, NGP’s financial condition does not affect the project company’s ability to repay the DOE-guaranteed loan. In fact, the project is generating positive cash flows that exceed operating costs and debt service on the DOE-guaranteed loan.

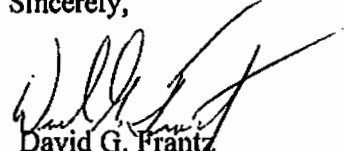
In summary, DOE’s support for the Blue Mountain Project is consistent with Section 1705 and complies with FIPP objectives and DOE’s eligibility requirements, and contains strong taxpayer protections. Not only is the project producing clean power and repaying the DOE-guaranteed loan, it is paving the way for more geothermal projects in the future across the western United States.

The DOE website correctly states the Department's understanding, based on information received from the company, that the Blue Mountain Project would require 14 permanent operations jobs and that at peak 200 construction workers were required to construct the power plant component of the Project. The Department also understands that the Project requires 24 jobs in ongoing drilling to further develop the geothermal resource.

As to the "superiority of rights" provision in Section 1702(g)(2)(B) of Title XVII of the Energy Policy Act of 2005, our January 19, 2012, letter provided a detailed explanation of our interpretation of that provision, our public rulemakings in 2007 and 2009, and our conclusion that the statute does not prohibit *pari passu* credit terms. Your letter cites a provision in the Term Sheet that refers to the consent of all lenders "for any change to the priority of payment in the payment waterfall." That provision relates to the rights of lenders to enter post-closing amendments or modifications and is wholly unrelated to superiority of rights in any property acquired by the Secretary. That provision is in the agreement because no lender would agree to payment priorities at closing only to allow another party to change those agreed terms after closing without the consent of the other lenders. Such provisions are standard in the market and fully consistent with Title XVII.

If we can be of further assistance, please do not hesitate to contact me or Mr. Christopher Davis, Deputy Assistant Secretary for House Affairs, in DOE's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,



David G. Frantz
Acting Executive Director
Loan Program Office

cc: The Honorable Elijah Cummings, Ranking Member



Department of Energy
Washington, DC 20585

MAR 30 2012

The Honorable Darrell E. Issa
Chairman
House Committee on Oversight
And Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Issa:

Thank you for your January 30, 2012, letter regarding the Department of Energy's (DOE) loan guarantee to Abound Solar Manufacturing LLC ("Abound"). Secretary Chu has asked me to reply on his behalf.

I want to note at the outset that, as we have emphasized in previous communications with your staff, the information contained in this letter includes highly sensitive and confidential business information, the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, some of the information transmitted herewith may include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. This document may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing this information or any portion thereof. We urge the Committee to give greater heed to the risk that disclosing confidential business information will cause significant harm to businesses.

In your letter, you refer to the credit rating of "B" issued on November 4, 2010 by Fitch Ratings ("Fitch") for the debt obligations to be incurred by Abound in respect of a \$400,000,000 loan. The loan would be provided by the Federal Financing Bank and guaranteed by DOE and the proceeds would be used to partially finance construction of two solar panel production lines at an existing facility in Longmont, Colorado and the acquisition and build out of a second solar manufacturing facility in Tipton, Indiana (the "Project"). You state in your letter that Fitch relied, in arriving at this rating, on the financial benefits of the DOE loan guarantee. This is a misunderstanding. Fitch of course took into account the terms of the DOE guaranteed loan, as it was precisely the ability of Abound to repay the loan in accordance with those terms that Fitch was asked to rate. That Fitch took into account the terms on which DOE had agreed to guarantee the loan does not mean, however, that Fitch took into account the guarantee itself. The very point of the rating is to assess the ability of the *borrower*, not the ability of DOE, to repay the loan. Had the rating taken into account the DOE loan guarantee, it would have been the same rating as is assigned to any debt obligation of the U.S. government and no investigation of Abound would have been necessary.

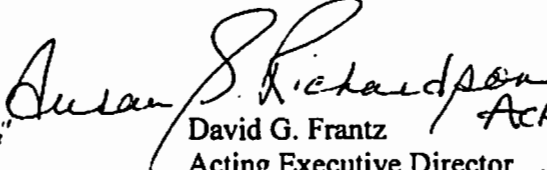


You also asked about the background checks conducted by DOE in connection with the guaranteed loan to Abound. DOE conducted successful background checks on the management and key employees of Abound prior to issuance of the loan guarantee. These investigations were conducted by a DOE contractor, KeyPoint Government Solutions. In addition, DOE staff conducted supplemental checks through Lexis-Nexis and checked with the Internal Revenue Service for taxpayer delinquency information. Moreover, DOE assesses the ability of investors to honor applicable commitments to the project or to DOE. In the case of Abound, the Project will be constructed in modular phases, and the portion of the loan required to fund each phase will be disbursed only if all required equity has been fully funded to Abound. This was the case for all amounts loaned to date. Future disbursements are dependent on prior receipt of the necessary equity funding either from existing investors or from new investors.

Finally, your letter's assertion that an Abound investor's "political influence in the Administration . . . affected the loan guarantee process for Abound Solar" is unfounded. On the contrary, as with all of the loan guarantee proposals, and as borne out by the nearly 400,000 pages of documents produced to the Committee so far in connection with its investigations, the decision to grant Abound Solar a loan guarantee was made on the merits, after careful review by our program experts in order to fulfill the objectives set forth by Congress and maximize protections for the taxpayer.

If we can be of further assistance, please do not hesitate to contact me or Christopher Davis, Deputy Assistant Secretary for House Affairs, in DOE's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,


David G. Frantz
Acting Executive Director
Loan Programs Office

Acting for

cc: The Honorable Elijah Cummings, Ranking Member



Department of Energy

Washington, DC 20585

February 28, 2013

The Honorable Paul Broun, M.D.
Chairman, Subcommittee on Oversight
Committee on Science, Space and Technology
U.S. House of Representatives
Washington, DC 20515

The Honorable James Lankford
Chairman, Subcommittee on Energy Policy,
Health Care and Entitlements
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Broun and Chairman Lankford:

Thank you for your January 25, 2013 letter to Secretary Chu regarding the Cape Wind project.

Your letter expresses concern regarding the Final Environmental Impact Statement (FEIS) issued for the project in January 2009 by the U.S. Department of the Interior's Minerals Management Service, now known as the Bureau of Ocean Energy Management and referred hereafter as BOEM. In April 2010 and April 2011, BOEM completed Environmental Assessments (EA) and determined, by issuance of Findings of No New Significant Impact (FONNSI), that the 2009 FEIS was adequate for purposes of the project's 2010 commercial lease and 2011 Construction and Operation Plan (COP) approval. With respect to these determinations, we respectfully refer you to BOEM.

In your letter, you also address the Department of Energy's (the Department) 2012 Final Environmental Impact Statement that adopted BOEM's 2009 FEIS (in combination with BOEM's 2010 EA and 2011 EA) for purposes of a proposed loan guarantee for the project under Section 1703 of the Energy Policy Act of 2005. The Department conducted a thorough and independent review of the 2009 FEIS, and 2010 and 2011 EAs (and associated FONNSIs), in order to determine whether the Department's adoption would satisfy applicable environmental review requirements. This review, among other actions, included:

- A comparison of the proposed action as described in the loan guarantee application and the proposed action analyzed in the 2009 FEIS;
- An assessment of the need for a floodplain review pursuant to 10 C.F.R. Part 1022; and



- A review of the project's environmental review and consultation requirements pursuant to 40 C.F.R. 1502.25.


The Department's adoption of the 2009 FEIS (in combination with the 2010 and 2011 EAs) required a 30-day review period, which ended on January 29. DOE extended the review period to run through March 11, 2013.

In addition, the Department will examine any newly identified information before deciding whether to issue a loan guarantee. This examination will determine whether additional analysis is required to address substantial changes in the proposed action or significant new circumstances or information relevant to environmental concerns and bearing on the proposed action or its impacts that were not addressed in the Department's 2012 FEIS.

Finally, while the Department has made no decision whether to issue a conditional commitment or loan guarantee for the Cape Wind project, I would note that the Department's Loan Programs Office is supporting a broad portfolio of innovative technologies helping accelerate America's transition to a clean energy future. In doing so, the Department remains intently focused on serving as a strong steward of taxpayer dollars while investing in the clean energy technologies that will power the 21st century. All funding decisions under the program are made on the merits and only after many months of rigorous technical, financial, environmental and legal due diligence by the Department's professionals. The U.S. Government Accountability Office has noted that private sector lenders report that this due diligence is as rigorous as, or more rigorous than, underwriting and due diligence standards in the private sector.

If you have any further questions, please do not hesitate to contact me or Christopher Davis in the Department's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,



David G. Frantz
Acting Executive Director
Loan Programs Office

Enclosures

cc: The Honorable Dan Maffei, Ranking Member
Subcommittee on Oversight
Committee on Science, Space and Technology

The Honorable Jackie Speier, Ranking Member
Subcommittee on Energy Policy, Health Care and Entitlements
Committee on Oversight and Government Reform



Department of Energy
Washington, DC 20585

February 28, 2013

The Honorable Paul Broun, M.D.
Chairman, Subcommittee on Oversight
Committee on Science, Space and Technology
U.S. House of Representatives
Washington, DC 20515

The Honorable James Lankford
Chairman, Subcommittee on Energy Policy,
Health Care and Entitlements
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Broun and Chairman Lankford:

Thank you for your January 25, 2013 letter to Secretary Chu regarding the Cape Wind project.

Your letter expresses concern regarding the Final Environmental Impact Statement (FEIS) issued for the project in January 2009 by the U.S. Department of the Interior's Minerals Management Service, now known as the Bureau of Ocean Energy Management and referred hereafter as BOEM. In April 2010 and April 2011, BOEM completed Environmental Assessments (EA) and determined, by issuance of Findings of No New Significant Impact (FONNSI), that the 2009 FEIS was adequate for purposes of the project's 2010 commercial lease and 2011 Construction and Operation Plan (COP) approval. With respect to these determinations, we respectfully refer you to BOEM.

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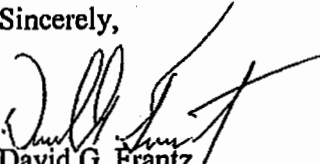
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If you have any further questions, please do not hesitate to contact me or Christopher Davis in the Department's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,



David G. Frantz
Acting Executive Director
Loan Programs Office

Enclosures

cc: The Honorable Dan Maffei, Ranking Member
Subcommittee on Oversight
Committee on Science, Space and Technology

The Honorable Jackie Speier, Ranking Member
Subcommittee on Energy Policy, Health Care and Entitlements
Committee on Oversight and Government Reform



Department of Energy
Washington, DC 20585

July 25, 2013

Re: HQ-2013-00913-F

This is in response to the request for information you submitted to the Department of Energy (DOE) under the Freedom of Information Act (FOIA), 5 U.S.C. § 552. You asked for:

‘a copy of each written response or letter from the Department of Energy to a Congressional Committee (not a congressional office) (or Committee Chair) in calendar years 2012 and 2013 to date.’

You specified that you would like ‘one-time type responses to Committee inquiries’ and that you are not interested in regular periodic reports or constituent responses.

On May 22, 2013, during a conversation with Ms. Christine Jordan of this office, you clarified and amended your request. By way of clarification, you relayed that you are interested in receiving DOE responses to inquiries from Congressional Committee Chairpersons, as well as Sub-Committee Chairpersons, who contacted DOE in their capacity as Committee and Sub-Committee Chairs. In addition, you amended your request by agreeing to accept responsive documents without attachments.

Your FOIA request was assigned to the Office of the Executive Secretariat and the Office of Inspector General. This is a final response for the Office of the Executive Secretariat (ES). The Office of Inspector General will respond to you under separate cover.

ES conducted a search of its Electronic Document Online Correspondence and Concurrence System. This system tracks all formal correspondence to and from the Offices of the Secretary, Deputy Secretary, and Under Secretaries of Energy, and is where records of such correspondence are likely to be found. The search began on April 25, 2013, which is the cutoff date for responsive documents.

ES identified fifty-nine (59) documents that are responsive to your request, as described in the accompanying index. Six of these documents originated in DOE's Loan Programs Office (LP). The documents were transferred to LP for its review and release determination. LP has sent you



five of the documents under a partial release letter dated July 15, 2013. LP is continuing its review pursuant to this FOIA request.

DOE has determined that certain information in the remaining fifty-two documents should be withheld pursuant to Exemption 6 of the FOIA, 5 U.S.C. §552(b)(6).

Exemption 6 generally is referred to as the "personal privacy" exemption; it provides that the disclosure requirements of FOIA do not apply to "personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy." In applying Exemption 6, DOE considered: 1) whether a significant privacy interest would be invaded; 2) whether the release of the information would further the public interest by shedding light on the operations or activities of the Government; and 3) whether in balancing the privacy interests against the public interest, disclosure would constitute a clearly unwarranted invasion of privacy. The information withheld under Exemption 6 consists of a private email address, a mobile telephone number and the names and identifying information associated with nominees for a Congressional professional development program. This information qualifies as "similar files" because it is information in which these individuals have a privacy interest. Releasing the information could subject them to undesired or unsolicited communications. Moreover, release of this information would not shed light on the operations of the government. Therefore, we have determined that the public interest in releasing this information does not outweigh the overriding privacy interests in keeping this information confidential.

This satisfies the standard set forth in the Attorney General's March 19, 2009, memorandum that the agency is justified in not releasing material that the agency reasonably foresees would harm an interest protected by one of the statutory exemptions. Accordingly, we will not disclose this information.

Pursuant to 10 C.F.R. § 1004.7(b)(2), I am the individual responsible for the determination to withhold the information under the FOIA as described above.

The FOIA provides for the assessment of fees for the processing of requests. *See* 5 U.S.C. § 552(a)(4)(A)(i); *see also* 10 C.F.R. § 1004.9(a). In a letter dated April 24, 2013, you were advised that your request was placed in the "other" category for fee purposes, which provides for two free hours of search time. Since DOE did not exceed the two free hours of search, no fees will be charged for processing your request.


This decision, as well as the adequacy of the search, may be appealed within 30 calendar days from your receipt of this letter pursuant to 10 C.F.R. § 1004.8. Appeals should be addressed to Director, Office of Hearings and Appeals, HG-1, L'Enfant Plaza, U.S. Department of Energy, 1000 Independence Avenue, S.W., Washington DC 20585-1615. The written appeal, including the envelope, must clearly indicate that a FOIA appeal is being made. The appeal must contain all the elements required by 10 C.F.R. § 1004.8, including a copy of the determination letter. Thereafter, judicial review will be available to you in the Federal District Court either (1) in the district where you reside, (2) where you have your principal place of business, (3) where the Department's records are situated, or (4) in the District of Columbia.

If you have any questions about the processing of the request or this letter, you may contact Ms. Vera Dunmore or Ms. Christine Jordan at:

MA-90/ Forrestal Building
1000 Independence Avenue, SW
Washington, DC 20585
(202)586-5955

I appreciate the opportunity to assist you with this matter.

Sincerely,



Alexander C. Morris
FOIA Officer
Office of Information Resources

Enclosures

INDEX

A partial response to a request, as amended, for:

“a copy of each written response or letter from the Department of Energy to a Congressional Committee (not a congressional office) (or Committee Chair) in calendar years 2012 and 2013 to date.”

The amendment clarifies the request to include:

DOE responses to inquiries from Congressional Committee Chairpersons, as well as Sub-Committee Chairpersons, who contacted DOE in their capacity as Committee and Sub-Committee Chairs.

Responsive records do not include attachments.

Request #: HQ-2013-00913-F

The Office of the Executive Secretariat conducted a search of its Electronic Document Online Correspondence and Concurrence System. It located fifty-nine (59) documents that are responsive to your request.

- Two documents *are being released in part pursuant to Exemption (b)(6)*—Exemption 6 information consists of a private email address, a mobile telephone number and the names and identifying information associated with nominees for a Congressional professional development program.
- Six documents were transferred to the Loan Programs Office.
- Fifty-one documents are being released in their entirety.



Department of Energy
Washington, DC 20585

June 6, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
Washington, DC 20515

The Honorable Ed Whitfield
Chairman
Subcommittee on Energy and Power
Committee on Energy and Commerce
Washington, DC 20515

Dear Chairman Upton and Chairman Whitfield:

Thank you for your March 12, 2012 letter regarding the Department of Energy's (DOE) contribution to the State Department's analysis of the Keystone XL Pipeline Proposal. The Secretary has asked me to respond on his behalf.

In order to assist the State Department in preparing its Environmental Impact Statement for the Keystone XL Pipeline Proposal, the Department of Energy provided the State Department with information and analysis concerning the potential impact of the proposal on U.S. oil imports from Canada and other countries, use of Canadian oil within each of the five Petroleum Administration for Defense Districts (PADDs) and analysis of world-wide greenhouse gas emissions. These estimates required a detailed world-wide refining model, capable of analyzing world crude oil and petroleum product supply and disposition that was not available in-house at DOE. Consequently DOE's Office of Policy and International Affairs secured the services of EnSys Energy and Systems, Inc. (EnSys) to employ their WORLD Model¹ and expertise to provide these estimates.

DOE contracted for these services on June 17, 2010 as shown in the enclosed Task Order. Once the contract was established, DOE staff assisted in scoping the study plan in order that the findings would be most useful to the State Department in preparing its Environmental Impact Statement for the Keystone XL Pipeline Proposal.

Given the capabilities of EnSys' World Model, the study was structured around several pipeline scenarios. These were required to assess the potential impact of the Keystone XL Pipeline Proposal in relation to other pipelines that might be built over the next twenty years. DOE staff and EnSys collaborated to select the seven pipeline scenarios and two U.S. oil consumption scenarios that would produce the most relevant insights about the potential impact of the Keystone XL pipeline proposal.

¹ The EnSys Energy World Oil Refining Logistics and Demand (WORLD) Model is an advanced modeling system which captures and simulates the global and interlinked nature of the downstream oil industry. The model provides projections of global refining developments, crude and product flows, pricing and refining margins.

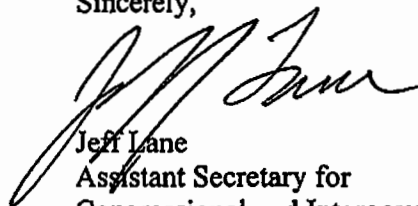


The modeling results with respect to each of these scenarios were provided entirely by EnSys. DOE staff reviewed EnSys' interim reports and made technical suggestions to clear up ambiguities and improve the readability of the report. DOE staff did not, however, dictate any changes to EnSys' substantive analysis. DOE also circulated interim reports to the State Department and the Environmental Protection Agency to solicit any input that they might have had about the analytic findings before the final report was prepared. The final report (*Keystone XL Assessment*) was delivered to DOE on December 23, 2010, and DOE transmitted it to the State Department on January 25, 2011 (see enclosed).

The process used to develop the second EnSys study, *Keystone XL, No Expansion Update*, was similar. It was developed to assess whether one of the scenarios considered in the first study, the "No-Expansion" scenario, was likely to occur. The State Department had requested an analysis of this "No Expansion" scenario as it was the only scenario that showed measurable changes in greenhouse gas emissions that might be caused by the Keystone XL pipeline. This study considered several more routings for shipping Canadian oil sands from the Western Canadian Sedimentary Basin to Asian and U.S. markets including rail and barge shipments. This study was initiated by the Department of Energy in June of 2011. However, the formal statement of work for EnSys to perform the analysis and write the report was prepared by the State Department. This second study did not employ EnSys' World Model. It largely consisted of a cost and feasibility analysis of the various options for exporting Canadian oil sands. As with the first study, EnSys authored the final report and its findings were not influenced by the State Department or DOE. EnSys provided DOE and the State Department with the *Keystone XL, No Expansion Update* on August 11, 2011 (see enclosed).

The Department will continue to search for additional documents responsive to the Committee's letter. If we can be of further assistance, please do not hesitate to contact me or Christopher Davis, Deputy Assistant Secretary for Congressional Affairs, in DOE's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,



Jeff Lane
Assistant Secretary for
Congressional and Intergovernmental Affairs

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Bobby L. Rush, Ranking Member
Subcommittee on Energy and Power



Department of Energy
Washington, DC 20585

June 6, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton:

Thank you for your March 8, 2012, letter to Secretary Chu concerning the Environmental Protection Agency's (EPA) power sector rules. I am responding on behalf of the Department of Energy.

Your letter raises a series of issues and questions, and enclosed are the Department of Energy's response to them. The Department continues to engage a number of stakeholders to ensure that conditions for grid reliability remain well managed.

The Department will continue to search for additional documents responsive to the Committee's letter. If you need additional information, please contact me or have your staff contact Mr. Christopher Davis, Office of Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

Jeff Lane
Assistant Secretary
for Congressional and
Intergovernmental Affairs

Enclosures

cc: The Honorable Ed Whitfield
Chairman, Subcommittee on Energy and Power

The Honorable Henry A. Waxman
Ranking Member, Committee on Energy and Commerce

The Honorable Bobby L. Rush
Ranking Member, Subcommittee on Energy and Power

The Honorable Joe Barton
Chairman Emeritus, Committee on Energy and Commerce



Printed with soy ink on recycled paper



Department of Energy
Washington, DC 20585

July 18, 2012

The Honorable Darrell Issa
Chairman
Committee on Oversight and
Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your July 12, 2012, letter to Secretary Chu regarding the Department of Energy's response to the Committee on Oversight and Government Reform's ongoing investigation of the Department's loan programs and your request for additional testimony from Secretary Chu.

Throughout the course of your investigations, the Department has made significant efforts to respond to the Committee's requests. In this Congress, the Department has provided the Committee with nearly half of a million pages of responsive documents.¹ The Secretary has personally testified before Congress 14 times in the past year and a half, including three times—comprising over 10 hours of testimony—expressly regarding the Department's loan programs. On March 20, he testified before this Committee for over three and a half hours. Today, the Committee heard additional testimony from the current and former Executive Directors of the Department's Loan Programs Office and had the opportunity to discuss the management of the program. On behalf of the Department, Mr. David Frantz, current Acting Executive Director, responded to all questions asked by the Committee's members.

As part of the explanation of the Committee's request for additional testimony, the Committee alleged that certain loan guarantees were awarded as a result of political pressure at the highest levels of the federal government. However, the Committee has provided no evidence to substantiate this accusation, which seems baseless given the consistent and uncontradicted sworn testimony to the contrary that the Committee has received. The extensive record before the Committee has made clear that all loan guarantees were issued on their merits after many months of rigorous technical, financial and legal due diligence by officials in the DOE loan program. Moreover, at the Committee's May 16 and June 19, 2012 hearings, the Chairmen or CEOs of eight separate loan guarantee recipients testified to their belief that their companies received loan guarantees based on the merits.

During the Committee's March 20, 2012 hearing, the Ranking Member asked the Secretary a question that goes to the heart of the Committee's allegations:

¹ In total, the Department has produced more than 800,000 pages of documents to Congressional committees in the 112th Congress.



Ranking Member Cummings: Is there any truth at all to the allegations that you – you based your findings and decisions on political favoritism or on pay-to-play relationships [or] on outright corruption?

Secretary Chu: There is none.

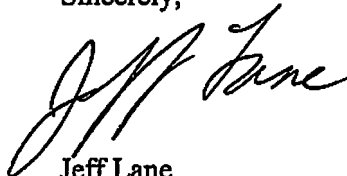
The Secretary's March 20 statement is fully consistent with all documents produced and testimony received in response to the Committee's requests.

The Committee also raised questions regarding the soundness of the Department's loan portfolio. Former Assistant Secretary of the Treasury for Financial Stability Herbert Allison reviewed the Department's Loan Programs and provided a report on the current status, credit characteristics, and risk of loss of DOE's portfolio of loans. In that report, Mr. Allison confirmed that the Department has been judicious in balancing risk. The loan portfolio as a whole is expected to perform well and holds less than the amount of risk envisioned by Congress when it created and funded the program.

The Department takes its cooperation with the Committee's oversight activities very seriously and will continue to produce responsive documents to the Committee. As we have previously indicated, the Department will continue to accommodate the Committee's informational needs and will work in good faith to address any legitimate oversight concerns.

If you have any further questions regarding this matter, please call me or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,



Jeff Lane
Assistant Secretary of Energy for
Congressional and Intergovernmental
Affairs

cc: The Honorable Elijah Cummings, Ranking Member

The Honorable Jim Jordan, Chairman
Subcommittee on Regulatory Affairs, Stimulus
Oversight and Government Spending

The Honorable Dennis Kucinich, Ranking Member
Subcommittee on Regulatory Affairs, Stimulus
Oversight and Government Spending



Department of Energy

Washington, DC 20585

November 21, 2012

The Honorable Doc Hastings
Chairman
Committee on Natural Resources
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your October 11, 2012, letter to Secretary Chu regarding his March 16, 2012 memorandum to the Power Marketing Administrations (PMAs).

At a time of profound change in the electric industry, the United States has an unprecedented opportunity to build a more secure and sustainable electric sector—one that takes advantage of energy efficiency, demand resources, and clean energy, while at the same time ensuring reliable and economic service for consumers. As changes in the marketplace continue, the Department of Energy's (DOE) PMAs can and should take a leadership role to improve the flexibility and reliability of the nation's electric grid while reducing costs to consumers.

With these challenges in mind, Secretary Chu issued a memorandum to the PMA administrators on March 16, 2012. The memorandum outlined the foundational goals the Department is considering for the PMAs, but did not prescribe specific policies or practices. The Western Area Power Administration (Western) was selected as the first of the four PMAs for which recommended actions would be developed in response to the memorandum. A Joint Outreach Team, including sixteen Western employees and six DOE headquarters employees, was commissioned to develop a set of recommendations based on customer and public input and their own knowledge and expertise in response to the Secretary's memorandum.

The Joint Outreach Team began its process with a public webinar on July 12, 2012 before conducting six public meetings at locations within Western's service territory.¹ In addition to these public meetings, the Joint Outreach Team solicited written comments on its initiative and received comments from 133 entities. Though not legally required, DOE yesterday published these draft recommendations in the *Federal Register* and is seeking public comment. After receiving comments and revising the draft recommendations, the Joint Outreach Team will submit its final recommendations to the Secretary.

With respect to the PMAs' obligation to comply with the reliability standards enforced by the North American Electric Reliability Corporation (NERC) and its regional delegates (the Regional Entities), DOE agrees with the Federal Energy Regulatory Commission's determination that Section 215 of the Federal Power Act requires federal entities, such as the PMAs, to comply with the reliability standards.²

¹ Those meetings took place on July 17 in Rapid City, South Dakota, July 18 in Billings, Montana, July 24 in Phoenix, Arizona, July 26 near Sacramento, California, July 31 in Loveland, Colorado, and August 2 in Sioux Falls, South Dakota.

² 42 U.S.C. § 824o; See also *North American Electric Reliability Corporation*, 129 FERC ¶ 61,033.



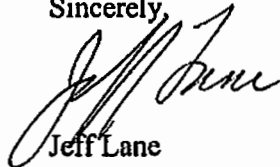
In the years since the Energy Policy Act of 2005 made the reliability standards mandatory, the PMAs have received a number of notices of alleged violations from the Regional Entities. Those notices have been included with this letter.

As for the potential participation of Western in an energy imbalance market (EIM), Western is studying this question, but has not made any decision as to whether to participate in an EIM. Along with the operators of many other balancing authorities in the Western Interconnection, Western has participated in a working group organized by public utility commissioners from several western states that continues to investigate the potential benefits and costs of an EIM. Further, the Joint Outreach Team's draft recommendations released yesterday contain a recommendation for Western to study the impacts of an EIM on Western, its customers, tribes and stakeholders, whether region-wide or on a sub-regional basis.

The Department is enclosing an initial set of responsive documents with this letter. Some of these documents may contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof. The Department also made minor redactions to certain sections of system reliability documents that may include Critical Energy Infrastructure Information (CEII) as defined by the Federal Energy Regulatory Commission. If the Committee requires any of the redacted information, the Department will work to accommodate the Committee's informational needs, including producing unredacted versions of the documents.

We continue to search for additional responsive documents. If we can be of further assistance, please do not hesitate to contact Mr. Christopher Davis, Deputy Assistant Secretary for House Affairs, in the Department's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,



Jeff Lane

Assistant Secretary for Congressional and
Intergovernmental Affairs

Enclosures

cc: The Honorable Edward J. Markey
Ranking Member



Department of Energy
Washington, DC 20585

March 29, 2013

The Honorable Doc Hastings
Chairman
Committee on Natural Resources
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your February 28, 2013, letter to Secretary Chu regarding his March 16, 2012, memorandum to the Power Marketing Administrations (PMAs).

On March 1, 2013, the Department released the Joint Outreach Team's final recommendations and the Secretary's response memorandum to the Western Area Power Administration's (Western) Acting Administrator. Sponsored jointly by the Department and Western, the Joint Outreach Team was commissioned to develop a set of recommendations based on customer and public input and their own knowledge and expertise. During the ten months of its duration, the Joint Outreach Team conducted an open and transparent process beginning with a public webinar on July 12, 2012, and then with six public meetings at locations within Western's service territory.¹

In addition to these public meetings, the Joint Outreach Team solicited written comments on the initiative and received comments from 133 entities. In response to input received during this stakeholder process, a set of principles was established to guide the development of the recommendations:

- Consider the unique attributes of Western's regions;
- Coordinate with Federal generating agencies (U.S. Bureau of Reclamation, U.S. Army Corps of Engineers, and International Boundary and Water Commission);
- Ensure that the beneficiary or user of the system pays;
- Build on the existing efforts already underway within Western; and
- Ensure that Western stays within the limits of its authority.

The Department published draft recommendations in the *Federal Register* on November 20, 2012, and provided a 60-day public comment period. Comments on the draft recommendations

¹ Those meetings took place on July 17 in Rapid City, South Dakota, July 18 in Billings, Montana, July 24 in Phoenix, Arizona, July 26 near Sacramento, California, July 31 in Loveland, Colorado, and August 2 in Sioux Falls, South Dakota.



were received from more than 100 entities. During the comment period, the Western and DOE co-leads of the Joint Outreach Team conducted several briefings and meetings with Congressional staff, preference customers, and customer groups from all of Western's regions.

The Joint Outreach Team also developed a document summarizing the comments received on each of the recommendations and the responses as to how those comments were considered. To the extent applicable, the Joint Outreach Team addressed these comments and recommendations in the modified recommendations. The final recommendations fall into three groups:

- Recommended for immediate implementation or continuation;
- Recommended for further evaluation and consideration; and
- Proposals not recommended for implementation.

The final recommendations generally build upon a number of initiatives already underway or previously contemplated by Western to meet the expectations of its customers, while achieving the foundational goals of the March 16, 2012, memorandum. These recommendations primarily focus on Western as a provider of wholesale energy and transmission services. The recommendations themselves can be broadly classified into two categories: 1) those developed to provide for further collaboration among Western, its customers, tribes, industry peers, and stakeholders, and 2) those that focus on identifying best business practices internally among Western's regions and/or standardizing these business practices, where appropriate, across the organization.

The Secretary's response memorandum to Western's Acting Administrator acknowledged Western's limited resources and requested the development of an implementation plan that prioritizes tasks, establishes a timeline for when Western believes the various tasks will be completed, and includes regular status updates to the Department. As noted by the Joint Outreach Team, the recommendations were developed based upon the current state of Western and the electric utility industry, both of which are dynamic with respect to local, sub-regional, regional and national initiatives. As such, the implementation of these recommendations must be flexible and adaptable to an ever-changing environment.

As for the potential participation of Western in an energy imbalance market (EIM), Western is studying this question on a sub-regional basis in coordination with a number of its preference customers. To date, Western has not made any decision as to whether to participate in an EIM. In addition, the Joint Outreach Team's final recommendations contain a recommendation for Western to continue to explore the potential impacts of an EIM on Western, its customers, tribes and stakeholders, on a sub-regional basis.

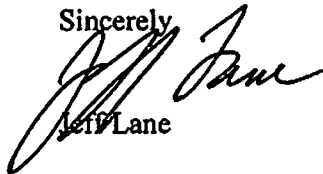
With respect to the costs, the stakeholder meetings conducted as part of this effort are considered by Western as part of its long-term planning process. The Department and Western engaged Aspen Environmental Group as a facilitator and SAIC as an advisor on rates at a cost of approximately \$326,000. With respect to any legal concerns, the Joint Outreach Team received no comments identifying any specific legal issues related to the draft recommendations. Finally, if the Committee has any outstanding concerns regarding the Joint Outreach Team's final

recommendations and the Secretary's response memorandum to Western's Acting Administrator, the Department can work to address any questions that may arise.

The Department is enclosing a set of responsive documents with this letter. Some of these documents may contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

If we can be of further assistance, please do not hesitate to contact Christopher Davis in the Department's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely

A handwritten signature in black ink, appearing to read "Jeff Lane", is written over the word "Sincerely".

Jeff Lane
Assistant Secretary for Congressional and
Intergovernmental Affairs
U.S. Department of Energy

Enclosures

cc: The Honorable Edward J. Markey
Ranking Member

**Department of Energy**

Washington, DC 20585

April 6, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Cliff Stearns
Chairman
Committee on Energy and Commerce
Subcommittee on Oversight and Investigations
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Upton and Chairman Stearns:

I am writing in response to your March 15, 2012 letter regarding the Section 1603 program (1603 program), enacted as part of the tax provisions of the American Recovery and Reinvestment Act of 2009 (Recovery Act). Secretary Chu has asked me to reply on his behalf.

The 1603 program has played a vital role in the dramatic expansion of America's renewable energy industry over the past three years, helping to promote economic development and job creation and retention over the long-term. The highly successful program has supported more than 23,000 renewable energy projects that have added 13.5 gigawatts of renewable electricity generation capacity—roughly half of all the non-hydropower renewable capacity added to America's electric grid since 2009 and enough to power approximately 3.4 million homes. Together, these projects have leveraged more than \$20 billion in outside investments in addition to the approximately \$9 billion in federal funds under the 1603 program.

Congress enacted the 1603 program under the Recovery Act to support the deployment of renewable energy resources during and immediately after the financial crisis. It did so at a time when renewable energy technologies were making significant strides but when the sudden absence of available financing and tax equity investment was preventing many otherwise promising renewable energy projects from moving forward. The 1603 program offered project developers the option to select a one-time cash payment in lieu of taking the Investment Tax Credit (ITC) or the Production Tax Credit (PTC). While the ITC—in existence since 2008—provided a tax credit for up to 30 percent of the total costs of many types of renewable energy projects, the 1603 program provided an upfront payment equal to the value of these tax credits, thus offsetting the sudden lack of tax equity investors, many of which had been badly damaged in the financial collapse.



The Department of the Treasury (Treasury) administers the 1603 program with technical support from the Department of Energy (DOE). DOE works closely with Treasury to review all applications received under the 1603 program and ensures that funds are disbursed only to applicants that meet the statutory eligibility criteria. Additionally, DOE reviews annual reports, maintains the online system, and responds to applicant inquiries. DOE is also responsible for reviewing post-award reports submitted annually by each applicant for the project's first five years to verify continued operations. For more information, we are enclosing Treasury's March 30, 2012 letter which explains its authority over the 1603 program.

Though Treasury does not report job statistics related to the 1603 program, analysis from a number of sources both within and outside of government supports the program's positive impact on employment and the economy. Most recently, DOE's National Renewable Energy Laboratory (NREL) released a report containing detailed analysis of the 1603 program's job creation and economic impacts, which is included with this letter for your reference. The report found that 1603-funded solar photovoltaic (PV) and large-wind facilities supported an estimated gross:

- 52,000 to 75,000 direct and indirect jobs per year from 2009 to 2011.
- 5,100 to 5,500 direct and indirect jobs per year from operations and maintenance on an ongoing basis over the 20- to 30-year estimated life of the systems.
- \$9 billion to \$14 billion in total earnings and \$26 billion to \$44 billion in economic output as a result of expenditures for construction and installation.

These results are based on peer-reviewed models that were tested during their development, and further work is underway to validate and cross-check their accuracy against data from completed renewable energy projects. However, the outcomes of NREL's analysis are consistent with prior analysis from DOE's Lawrence Berkeley National Laboratory and the Solar Energy Industries Association (SEIA). Berkeley Lab's April 2010 Preliminary Evaluation of the 1603 program's impacts estimated that—by the 1603 program's first year—the program would create 2,400 megawatts (MW) of wind power capacity and support approximately 51,600 gross short-term full-time-equivalent (FTE) jobs during the construction phase and 3,860 gross long-term FTE jobs during the operational phase.

In an analysis prepared for SEIA, EuPD Research also provided an estimate of the gross jobs number supported through an extension of the 1603 program through 2012. EuPD's analysis estimated that a one-year extension would drive additional installation of approximately 370 MW of PV capacity and 130 MW of concentrated solar power capacity, while supporting approximately 18,000 direct and indirect jobs during the solar projects' construction and installation period.

By increasing renewable electricity generation, the 1603 program has enhanced the ability of American renewable energy companies to compete and the United States to lead in the \$260 billion global clean energy economy. Last year—for the first time since 2008—the United States

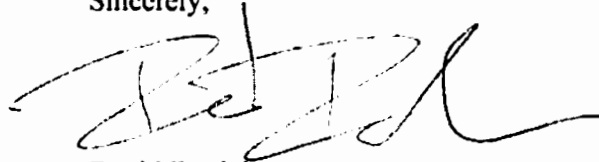
reclaimed the title from China as the world's leader in total clean energy investments.¹ Yet this welcome news comes with a huge caveat. A U.S. comeback is due in large part to providing a level of certainty to the market through effective tax programs and tax incentives for manufacturing. Unfortunately, at a time when the U.S. is poised to make great strides, many existing programs have expired or are set to expire soon.

The United States has reached a crossroads: we can play to win in the clean energy race—investing in America's workers, industries, and innovations—or we can cede leadership to other countries that are investing in these industries.

Trillions of dollars will be invested in clean energy in the coming decades, and countries around the world are moving aggressively to seize this economic opportunity.² With efforts like the 1603 program, DOE believes the United States can win this race.

If we can be of further assistance, please do not hesitate to contact me or Christopher Davis, Deputy Assistant Secretary for House Affairs, in DOE's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Danielson', with a stylized flourish at the end.

David Danielson
Assistant Secretary
Office of Energy Efficiency & Renewable Energy

Cc: The Honorable Henry A. Waxman, Ranking Member
Committee on Energy and Commerce

The Honorable Diana DeGette, Ranking Member
Committee on Energy and Commerce
Subcommittee on Oversight and Investigations

Enclosures

¹ "Solar surge drives record clean energy investment in 2011," Bloomberg New Energy Finance, Jan. 12, 2012. Accessible at: <http://bnef.com/PressReleases/view/180>.

² "Spending on new renewable energy capacity to total \$7 trillion over next 20 years," Bloomberg New Energy Finance, Nov. 16, 2011. Accessible at: <http://bnef.com/PressReleases/view/173>.



Department of Energy
Washington, DC 20585

May 1, 2012

The Honorable Andy Harris
Chairman
Subcommittee on Energy and Environment
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Harris:

Thank you for your March 26, 2012 letter to the U.S. Department of Energy (DOE) regarding the National Community Deployment Challenge and other advanced vehicle initiatives. The Department shares your dedication to clean and efficient transportation solutions. As part of the President's sustained, all-of-the-above approach to American energy, DOE is working to develop the technologies that can secure our energy future and provide consumers with choices to reduce costs and save energy.

Your letter listed several questions about these activities and we appreciate this opportunity to respond.

National Community Development Challenge

As part of the President's blueprint for a new era of American energy, President Obama announced his support for the National Community Deployment Challenge (NCDC) —designed to spur the deployment of clean, advanced vehicles in communities around the country. With \$1 billion in investments, communities across the United States can support the infrastructure, create the incentives, and remove the regulatory barriers needed to reduce our reliance on foreign oil, save families and businesses money at the pump, and position the United States as the global leader in clean energy.

This proposal embraces a strategy similar to that outlined by Senators Merkley and Alexander in their Promoting Electric Vehicles Act legislation (S. 948, Sec. 106). The NCDC proposal, however, is largely "fuel neutral," allowing communities to determine if electric-drive, natural gas, or other alternative fuel vehicles and infrastructure would be the best fit for their local situation. Deployment Communities would leverage limited federal resources to develop different models to deploy advanced vehicles at scale and with an emphasis on achieving economic sustainability without further government funds. Funding for the NCDC is contingent upon Congressional authorizing legislation.



Objectives, Milestones and Selection Criteria

The NCDC would establish a highly-leveraged, cost-shared, open and competitive grant program with an emphasis on demonstrating local-market transformations to increase the use of alternative fuel and advanced transportation technologies at scale. Deployment Communities would be asked to meet competitive goals and serve as national leaders for the implementation of these technology deployment models. The establishment and maintenance of strong data collection efforts would be crucial to the effort—allowing communities to continue to replicate successes across the United States.

How NCDC Contrasts with Other Programs

Despite the widespread benefits of alternative fuel vehicles, the lack of infrastructure to support their use remains a major obstacle to broader deployment. As part of the American Reinvestment and Recovery Act of 2009 (ARRA), four DOE Transportation Electrification grants enabled test demonstrations of electric drive vehicles and charging infrastructure in several communities. These projects comprise the largest-ever demonstration of plug-in vehicles and charging infrastructure and are providing critical, publicly-available information on real-world operation. This initiative has collected over 25 million miles of operational data from approximately 5,000 plug-in vehicles and charge-event data from nearly 7,000 EV charging stations as of March 31, 2012. This data has not only helped inform research further improving this technology but has also helped communities, manufacturers and utilities plan future EV charging infrastructure. Specifically, data on charging behavior, local effects on the grid, and other lessons learned about time of use rates, for example, provide important information for similar rollouts in other cities as well as future infrastructure expansion.

With rising fuel prices, the number of parties interested in adopting alternative and advanced fuel technologies has grown substantially. Community leaders have voiced a strong desire to start planning for further widespread use of alternative fuels. The NCDC would build on efforts such as the Transportation Electrification initiative and provide support for communities that come forward with commitments to implement the local and regional planning, incentives, and other policies to support the widespread use of not only electric drive but also other alternative fuels. Through NCDC, communities would have the opportunity to scale deployment of these technologies—helping provide consumers and businesses with choices to reduce costs and save energy.

DOE Advanced Technology Vehicle Research, Development, Demonstration, Commercialization and Manufacturing Activities

DOE has an active portfolio of programs that support advanced technology vehicle research, development, demonstration, commercialization, and manufacturing. Enclosure 1 provides a

breakdown of the activities that DOE supports in the listed categories. Details on all Vehicle Technologies Program projects in these areas are publicly available through the Annual Merit Review, which provides detailed presentations about project activity, milestones, progress, and budgets.¹ The 2012 Merit Review, which is open to the public, will be held May 14 – 18, 2012 in the Washington, DC area. The Advanced Technology Vehicle Manufacturing loan program is not covered in this review. Enclosure 2 lists the status of the ATVM loans.

Electric Vehicle Market Growth

The President set an ambitious goal to put the United States on a path toward reducing our dependence on oil—calling for putting one million electric vehicles on the road by 2015. While this goal is an important milestone for electric vehicle (EV) market development, this growth alone is not enough. Significant additional market penetration is required to realize the technology's full potential and to address oil consumption and greenhouse gas reduction across the nation's vehicle fleet. Automakers do not report sales figures to the Department. However, media reports indicate over 21,000 plug-in electric vehicles have been sold through February of 2012, with most of these transactions occurring during the last year.²

In February 2011, DOE released a status report on the President's goal—noting that the President has proposed steps to accelerate America's leadership in electric vehicle deployment, including improvements to existing consumer tax credits, programs to help cities prepare for growing demand for electric vehicles and strong support for research and development.³ Since the report's release, a number of automakers have announced their intention to bring to market new electric drive vehicles.⁴ Meeting the 2015 goal does not seem to be constrained by vehicle availability—it will largely be determined by how fast consumer demand grows. Ultimately, as more electric drive vehicles enter the market and sales volume grows, the United States can dramatically reduce our dependence on foreign oil and ensure that we lead the growing advance vehicle manufacturing industry.

Electric Vehicles and Charging Stations

As of March 23, 2012, over 9,000 Electric Vehicle Supply Equipment (EVSE, more commonly referred to as EV charging stations) have been purchased and deployed with DOE financial support. The majority of these charging stations were the result of cost-shared funding under the

¹ The presentations from the 2011 Merit Review and the VTP multiyear program plan is available are available at <http://www1.eere.energy.gov/vehiclesandfuels>; Budget requests and appropriations from FY2009 through the FY2013 budget request are available at <http://www.mbe.doe.gov/crorg/cf30.htm#Justifications>.

² See http://www.greencarreports.com/news/1073563_february-plug-in-car-sales-rise-leaf-drops-volt-soars.

³ See http://www1.eere.energy.gov/vehiclesandfuels/pdfs/1_million_electric_vehicles_rpt.pdf.

⁴ Vehicles include the Ford C-Max Plug-In; Ford Fusion Plug-In; Chevrolet Spark EV; Toyota Prius Plug-In; Volvo C30 EV; and the Toyota RAV4 EV.

Transportation Electrification initiative. In addition, a smaller number of charging stations have been deployed as part of programs undertaken by the Energy Efficiency and Conservation Block Grants and public-private partnerships such as locally-based Clean Cities coalitions.

DOE has demonstrated a 35 percent cost reduction in the price of electric vehicle energy storage—the dominant electric vehicle cost driver—since 2008 and intends to demonstrate an additional 50 percent cost reduction by the end of 2014, based on high-volume manufacturing cost projections using a peer reviewed cost model. This reduction would bring the cost of electric vehicle energy storage to \$300/kW-hr. Longer-term goals for vehicle batteries include an overall cost reduction of over 85 percent by 2020 relative to 2008 levels.

After these battery cost reductions, estimates of the purchase and ownership costs of the electric vehicles suggest the price of electric vehicles will fall commensurately. In 2015, with expected progress, DOE intends to demonstrate the technology for a 100-mile range electric vehicle with an incremental cost low enough to pay for itself in fuel savings over several years without subsidy. By 2020, a 100-mile range electric vehicle is targeted to cost roughly the same as a vehicle driven by an internal combustion engine without subsidy. These cost projections assume production of electric vehicles at scale, and the NCDL would help achieve high-volume production.

Ecotality and The EV Project

Ecotality received funding through the Transportation Electrification initiative—an effort to establish demonstration and evaluation projects that would accelerate the market introduction and penetration of advanced electric-drive vehicles. As part of this effort, DOE administered an open, transparent competitive solicitation process and awarded funding for Ecotality's EV Project to develop and deploy a network of charging stations in residential, commercial, and public locations in 18 cities nationwide. Partnering with DOE's Oak Ridge and Idaho National Laboratories, the EV Project also created a prototype solar-powered recharging system and robust data collection effort. Additional information is available in Enclosure 3.

The EV Project began on October 1, 2009, and is expected to continue into 2013. Installations have been extended past the original expected end date of September 2011 to match the vehicle sales and availability.

Strict monitoring and control mechanisms are in place so that Ecotality North America and its project partners are reimbursed only as progress is made and project milestones are met. As of March 31, 2012, Ecotality had completed 44 percent of the planned EVSE installations and 57 percent of the planned vehicles, and it had been reimbursed \$42 million, or 42 percent of the total award amount.

In your letter, you also mention a Securities and Exchange Commission (SEC) investigation of Ecotality for insider trading. As a publicly-traded company, Ecotality disclosed this information through its public filings.

We thank you for your continued interest in this program and for your interest in the successful deployment of advanced vehicle technologies. If you need additional information, please contact me or Mr. Christopher Davis, Deputy Assistant Secretary for House Affairs, Office of Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Danielson', with a long horizontal flourish extending to the right.

Dr. David T. Danielson
Assistant Secretary
Energy Efficiency and Renewable Energy

Enclosures

cc: The Honorable Brad Miller
Ranking Member
Energy and Environment Subcommittee
Committee on Science, Space and Technology
U.S. House of Representatives
Washington, DC 20515



Department of Energy
Washington, DC 20585

June 15, 2012

The Honorable Andy Harris
Chairman
Subcommittee on Energy and Environment
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Harris:

Thank you for your May 18, 2012 letter to Secretary Chu regarding a recent Department of Energy (DOE) Office of the Inspector General (IG) report on DOE's Transportation Electrification program as authorized and funded by Congress. DOE is investing in a broad portfolio of advanced vehicle technologies that is helping to secure America's energy future. When complete, the Transportation Electrification program will be the largest-ever demonstration of electric drive charging infrastructure—providing extensive data on consumer behavior, the electrical grid, and best practices for cost-effective investments in advanced vehicle infrastructure.

DOE is committed to making effective and efficient use of taxpayer dollars. In February 2011, DOE issued final guidance on for-profit recipient audits, enclosed herewith, requiring that entities expending more than \$500,000 in Federal funds per year obtain an audit for that year by an independent auditor. The IG report notes that DOE officials took action during the IG's review to ensure program recipients had completed independent audits. DOE has received independent audit reports from five of the six companies participating in the Transportation Electrification program; the sixth recipient will submit a combined 2010 and 2011 audit report by September 30, 2012.

With regard to the allowability of costs, DOE's process for determining the allowability of costs is also described in the enclosures. For the Transportation Electrification program, there were no costs determined to be unallowable costs as a result of the audits.

Finally, although the IG report made no formal recommendations, it did suggest that the Deputy Assistant Secretary for Energy Efficiency develop a system to track the receipt and review of required audits. DOE has a process to do so in place and is currently reviewing that process to ensure that it aligns with the intent of the IG's suggestion. A description of this process is also included in the enclosures.



We thank you for your continued interest in this program and for your interest in the successful deployment of advanced vehicle technologies. If you need additional information, please contact me or Christopher Davis, Office of Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kathleen Hogan', with a stylized flourish at the end.

Kathleen Hogan
Deputy Assistant Secretary
for Energy Efficiency

Enclosures

Cc: The Honorable Brad Miller
Ranking Member
Energy and Environment Subcommittee
Committee on Science, Space and Technology



Department of Energy

Washington, DC 20585

July 20, 2012

The Honorable Andy Harris
Chairman
Subcommittee on Energy and Environment
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your June 29, 2012 letter to Secretary Chu regarding a recent Department of Energy (DOE) Office of the Inspector General (IG) report on the Clean Cities Alternative Fuel Vehicle Grant Program. The Secretary asked me to respond on his behalf.

Since its inception in 1993, the Clean Cities initiative has brought together nearly 100 local coalitions to implement alternative-transportation solutions in their communities. The Department has funded more than 500 transportation projects nationwide through a competitive application process and has distributed \$366 million in project awards, which have leveraged an additional \$740 million in matching funds and in-kind contributions from other organizations in the public and private sectors. Through these investments, Clean Cities coalitions and stakeholders have achieved significant cost savings for their communities by eliminating the need to purchase three billion gallons of oil.

Your letter included questions about the IG report on Alternative Fuel Vehicle activities, which support local communities that invest in energy-efficient and alternative fuel vehicles.

Preventing Conflicts of Interest

DOE takes very seriously its responsibility for the effective and efficient use of taxpayer dollar and agrees that heightened awareness of the potential conflicts of interest by recipients is necessary at all times. As the IG report notes, the Department followed established procedures for solicitation, merit review, and selection of Clean Cities projects.

By statute, all recipients must undergo an audit, subject to the requirements of the Single Audit Act and revised OMB Circular A-133, which include a review of potential financial conflicts of interest.¹ In addition, state and local government recipients must identify and mitigate real or apparent conflicts of interest of the recipient with standards, plans, and policies governing procurement transactions.

In its report, the IG agreed that "significant responsibilities are placed on coalition recipients to identify and mitigate potential conflicts of interest...." In the case of Clean Cities, DOE carefully reviewed the IG report's findings, and DOE provided IG personnel substantial information supporting either the resolution or the non-existence of potential conflicts of interest. In the event allegations of potential

¹ DOE awards and administers its financial assistance projects in accordance with 10 C.F.R. Part 600.



conflicts of interest are provided to DOE, the Department would immediately investigate. In the event the allegations are substantiated, the DOE would take appropriate actions to resolve the issue.

Reviewing Allowability of Costs

DOE concurred with the IG's recommendation that DOE review recipient reimbursements for the allowability of costs incurred and cost share amounts contributed. As a result of the IG's audit, DOE identified \$640,000 in unallowable costs that were subsequently disallowed.

For the remaining costs questioned by the IG, the IG suggested that DOE lacked adequate documentation of these costs because an awardee may not have sufficiently competed its subcontracts. DOE investigated these questioned costs and provided data to the IG on December 2, 2011. After reviewing the data, DOE determined that those costs were allowable.

Throughout the process of awarding Clean Cities grants, the Department evaluated each application according to published criteria and based on the work proposed, team members described in the application, and the proposed overall cost—a process that aligns with how agencies award financial assistance throughout the Federal government. In this case, awardees held competitions to select team members prior to submitting applications for funding to DOE. Recompeting team members subsequent to the applicant's selection for award would jeopardize team composition, thereby significantly altering the basis on which the applicant was selected.

We are also including a production of documents in response to your March 26, May 18, and June 29, 2012 letters. Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

If you need additional information, please contact me or Christopher Davis, Office of Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,



Kathleen Hogan
Deputy Assistant Secretary
For Energy Efficiency

Enclosures

Cc: The Honorable Brad Miller
Ranking Member
Energy and Environment Subcommittee
Committee on Science, Space and Technology



Department of Energy
Washington, DC 20585

AUG 9 2012

The Honorable Jeff Bingaman
Chairman
Committee on Energy and Natural Resources
U.S. Senate

The Honorable Henry Waxman
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives

Dear Senator Bingaman and Representative Waxman:

Thank you for your letter describing concerns raised by stakeholders with the Department of Energy's (DOE) rulemaking to implement Section 433 of the Energy Independence and Security Act of 2007 (EISA) regarding fossil fuel use in federal buildings. DOE shares your interest in making the Federal government a leader in incorporating energy efficiency and clean energy into building design. Moreover, DOE takes very seriously the issues raised by these stakeholders and is considering appropriate action to address those concerns.

As part of the President's all-of-the-above strategy to reduce our dependence on oil, save businesses and consumers money, make us more energy secure, protect the environment, and position the United States as the global leader in clean energy, the Department of Energy, through the Federal Energy Management Program (FEMP), assists Federal agencies in reducing energy use and increasing the use of renewable energy.

The Federal government has the opportunity to significantly reduce its energy bills as well as to provide leadership in achieving greater energy efficiency and meeting other sustainability goals. The Federal government owns or leases more than 3 billion square feet of building space, which represents 4 percent of the commercial square footage in the United States. In addition, the Federal government owns or leases more than 650,000 fleet vehicles. In total, the annual energy bill to the Federal government in FY2010 was approximately \$20 billion.

The Energy Conservation and Production Act (ECPA), as amended by EISA Section 433, requires DOE to establish revised performance standards for the construction of new Federal buildings, including commercial buildings, multi-family high-rise residential buildings and low-rise residential buildings. On October 15, 2010, DOE issued a notice of proposed rulemaking to establish regulations implementing the fossil fuel generated energy provisions of the ECPA performance standards for Federal buildings. The concerns raised in your letter echoed many of



the comments submitted in response to the proposed rule. Based on the number and scope of those comments, DOE is considering a supplemental notice of proposed rulemaking.

The supplemental notice will respond to the comments by suggesting alternative compliance pathways and provide further opportunity for the public to comment on the rulemaking. Issues for which DOE sought comment under the proposed rule and for which DOE would provide for additional comment in a supplemental notice include, but are not limited to, the scope of the requirements in the context of major renovations; the potential use of renewable energy credits for compliance; options for establishing a process for agencies to seek a downward adjustment from the reduction levels, particularly in the context of major renovations; and clarifying the potential treatment of CHP.

Furthermore, we believe the alternatives that might be contained in a supplemental notice would likely be more suitable for the Federal government's use of energy savings performance contracts (ESPCs). The use of performance based contracts, such as ESPCs, has helped in achieving and making progress on the energy efficiency and renewable energy goals of the Federal government. Since 2006, FEMP has assisted Federal agencies in saving over \$5 billion in energy costs over the average life of efficiency measures implemented through ESPCs.

As part of the Administration's Better Buildings Challenge, the Administration has matched the private sector commitments of \$2 billion in energy efficiency improvements by pledging to pursue—by December 2013—\$2 billion in energy efficiency savings through performance contracts, including ESPCs.

Thank you for your interest in DOE's rulemaking under the EISA Section 433 provision. Should you have any further questions, please do not hesitate to contact Christopher Davis, Deputy Assistant Secretary for Congressional Affairs, at (202) 586-8225.

Sincerely,

A handwritten signature in dark ink, appearing to read 'KBH', followed by a horizontal line.

Kathleen B. Hogan
Deputy Assistant Secretary for Energy Efficiency
Energy Efficiency and Renewable Energy



Department of Energy
Washington, DC 20585

December 5, 2012

The Honorable Jeff Bingaman
Chairman
Committee on Energy and Natural Resources
United States Senate
Washington, DC 20510

The Honorable Lisa Murkowski
Ranking Member
Committee on Energy and Natural Resources
United States Senate
Washington, DC 20510

Dear Senators Bingaman and Murkowski:

Thank you for your November 15, 2012 letter regarding H.R. 4850, *An Act to allow for innovations and alternative technologies that meet or exceed desired energy efficiency goals*. In particular your letter raised the interpretation of to Section 202, and expressed a preference that it be interpreted in a manner consistent with the broad consultative process set forth in the Executive Order 13624, *Accelerating Investment on Industrial Energy Efficiency*.

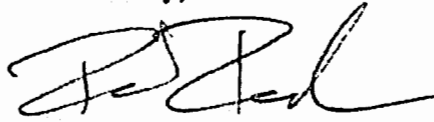
The Advanced Manufacturing Office (AMO) within the Office of Energy Efficiency and Renewable Energy, which undertakes efforts in the subject area addressed in section 202, currently engages in development and demonstration of technologies that can increase manufacturing efficiency, adaptability, and competitiveness in high-value markets — such as clean energy. In particular, the AMO supports U.S. manufacturers through technology deployment and technical assistance efforts targeted to help those manufacturers overcome specific barriers to adoption of energy efficient technologies and best energy management practices as a path to strengthen their global competitiveness.

Efforts between the states, utilities and the AMO are building a lasting local infrastructure to help manufacturers save energy. Consistent with the broad consultative process set forth in E.O. 13624, DOE has successfully engaged a broad set of stake holders including representatives from major utilities, state public service commissions, academia, and consumer advocacy organizations. For instance, AMO has convened and is convening regional meetings to focus on industrial energy efficiency and combined heat and power best practices. On June 21, 2012, DOE held the Midwest Regional Dialogue. The Southeast Regional meeting is scheduled for January 24, 2013, and includes speakers from the utility industry, state government, manufacturers and regional non-profit efficiency organizations. Similar meetings are planned for the Northeast and Mid-Atlantic Regions in March of 2013 and the West Region in May of 2013.



In implementing any future legislation the Department of Energy will continue to operate consistently with the consultative aspects of E.O. 13624. If your office has any questions, please have them contact Ms. Sarah Blackwood, Legislative Affairs Director.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Danielson', with a stylized flourish at the end.

Dr. David T. Danielson
Assistant Secretary
Energy Efficiency and Renewable Energy

cc: Senator Rob Portman
Senator Jeanne Shaheen
Senator Claire McCaskill
Senator Roy Blunt



Department of Energy
Washington, DC 20585

April 12, 2013

The Honorable Claire McCaskill
Chair, Subcommittee on Financial
and Contracting Oversight
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Chairman McCaskill:

Thank you for your March 7, 2013 letter to Secretary Chu regarding the Inspector General's (IG) report on the Department of Energy's (DOE) grant to LG Chem Michigan, Inc. (LG Chem). DOE takes the IG's findings and recommendations for improving grant management seriously and has no tolerance for the misuse of taxpayer funds.

As part of the American Reinvestment and Recovery Act, the Department's Office of Energy Efficiency and Renewable Energy (EERE) awarded \$2 billion in funding to 29 companies to build or retool 45 manufacturing facilities in 20 states to manufacture advanced batteries and other key components for plug-in electric vehicles. As part of this program, LG Chem received a \$151 million, 50 percent cost-shared award to construct facilities that manufacture advanced battery cells and modules in Holland, Michigan. To date, DOE has disbursed approximately \$142 million of the award amount, which LG Chem has matched dollar for dollar with private investment.

EERE manages this program with support from the National Energy Technology Laboratory for project implementation and monitoring. As with all grants, EERE closely monitors grantees through a combination of reporting, in-person visits, peer reviews, and other methods. When DOE became aware of the allegations against LG Chem in October 2012, the Department immediately reported the matter to the IG and took swift action to stop further payments, conduct a preliminary audit, and secure a refund of the questionable labor costs before the IG concluded its investigation and issued recommendations. The IG determined that LG Chem had charged \$1.6 million during the period in question and that a fraction of this total was unallowable cost. Since the IG was unable to calculate the exact amount of unallowable cost, the entire \$1.6 million, representing all labor charges across all months in which they could identify any improper charges, was disallowed and the federal portion of this 50-50 cost-shared project – \$842,000 – was reimbursed to the government.



DOE is wholly committed to effective grants management and, as part of this commitment, began a series of steps to continue to improve and strengthen project management. These steps include:

- Reviewing and improving our grants management process, benchmarking it against peer agencies;
- Establishing an internal, expert “community of practice” for program and project management to develop new standard operating procedures and best practices to be applied to all EERE programs and projects. This effort includes a uniform set of terms and conditions for awards, as well as the use of cooperative agreements (rather than grants) for most future projects to allow greater oversight and facilitate modification or termination of under-performing projects;
- Creating a new Project Management Coordination Office to ensure consistent and active project management across our entire project portfolio;
- Consolidating multiple IT systems in order to establish a single Enterprise IT solution for core business functions, including grants management, and provide project managers with innovative tools for managing and evaluating projects’ technical progress, budgets, and schedules;
- Centralizing and strengthening project invoice reviews; and
- Strengthening engagement with project recipients and increasing the number of annual site visits for large projects.

With respect to LG Chem’s reporting, DOE has increased its scrutiny of the company’s quarterly reports and provided additional instruction on federal reporting requirements. We also requested and received an updated project budget and project management plan in order to validate the current cost and schedule. This plan – currently under review – proposes completion of the project at full manufacturing capacity with no increase in cost to the federal government beyond the original \$151 million award. Should DOE choose to accept the updated plan and continue the project, going forward, labor charges will not be allowed in any remaining federal disbursements supporting completion of the LG Chem project.

DOE shares the IG’s frustration that LG Chem has not met the employment or production benchmarks under the grant. While the market for electric vehicle batteries has developed slower than many predicted, there are a number of positive signals that indicate market growth is accelerating, including overall growth of plug-in electric vehicle sales of 200 percent in 2012. Although we do not have the authority to control LG Chem’s production decisions, we note the company has stated publicly that it will begin production at the Michigan plant later this year. DOE will actively monitor LG Chem and hold the company accountable for any failure to comply with the terms and conditions of the grant. Please be assured that the issues raised in the IG’s report have served to strengthen our grant management practices and refocus our commitment to using federal funding as effectively and efficiently as possible.

We remain committed to helping the United States succeed in the global battery manufacturing market. As DOE takes steps to improve internal processes, we continue to support plug-in

electric vehicle development, expand our nation's manufacturing sector, and promote innovative technologies that increase choice and reduce costs for consumers.

We thank you for your continued interest in the successful deployment of advanced vehicle technologies. If you need additional information, please contact Brad Crowell, Office of Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

A handwritten signature in dark ink, appearing to read 'KH', with a stylized flourish extending to the right.

Kathleen Hogan
Deputy Assistant Secretary for
Energy Efficiency

Enclosures

Cc: The Honorable Ron Johnson
Ranking Member



Department of Energy
Washington, DC 20585

April 30, 2012

The Honorable Jeff Bingaman
Chairman, Committee on Energy and Natural Resources
United States Senate
Washington, DC 20515

Dear Mr. Chairman:

Enclosed is a revised version of the Energy Information Administration's analysis of the energy market impacts of the updated clean energy standard proposal outlined in your letter of February 10, 2012. This version corrects a minor programming error in the results originally transmitted to you on April 16, 2012. I hope you find this analysis to be of assistance.

Should you have any questions, please contact me or your staff may contact John Conti, Assistant Administrator for Energy Analysis, at (202) 586-6430.

Sincerely,

A handwritten signature in black ink, reading "Howard K. Gruenspecht".

Howard K. Gruenspecht
Acting Administrator
U.S. Energy Information Administration

Enclosure

cc: The Honorable Lisa Murkowski
Ranking Member





Department of Energy
Washington, DC 20585

March 14, 2012

The Honorable Doc Hastings
Chairman, Committee on Natural Resources
United States Representatives
Washington, DC 20515

Dear Chairman Hastings:

In response to your letter of March 2, 2012, enclosed is a paper entitled *Sales of Fossil Fuels Produced on Federal and Indian Lands, FY 2003 through FY 2011*. The paper summarizes data collected and compiled by the Office of Natural Resource Revenue (ONRR) and other agencies in the Department of the Interior (DOI), rather than by the U.S. Energy Information Administration (EIA).

The enclosed paper updates information previously published in the EIA *Annual Energy Review* (AER) as an adjunct to EIA's own data reporting, which does not separate onshore production by mineral ownership. EIA does not currently collect crude oil production data directly from producers. Rather, we presently rely on the States to provide data for onshore production and on DOI agencies to provide offshore production data.

EIA collects monthly natural gas production directly from producers. That collection program allows us to provide data for both national production and for State-level production in the five largest producing States. As the demand by the Congress and the public has been growing for more timely oil and natural gas production data subject to fewer revisions, EIA has requested funds to begin direct collection of crude oil production data in its budget submission for Fiscal Year 2013. We are also planning improvements in the natural gas data program to keep up with the rapid increase in production in Pennsylvania and some other States where shale gas has become a major supply source.

I regret the inconvenience caused by problems in the information that had previously been provided through the AER, and hope the information provided in the enclosed paper is responsive to your needs.

Please do not hesitate to contact me if I can be of further assistance. Members of your staff may contact Stephen Harvey, Assistant Administrator for Energy Statistics, at 202-586-2585 or Shirley Neft, Senior Advisor to the Administrator, at 202-586-7111 with questions.

Sincerely,

Howard K. Gruenspecht
Acting Administrator
U.S. Energy Information Administration

Enclosure





Department of Energy
Washington, DC 20585

June 26, 2012

The Honorable Andy Harris, M.D.
Subcommittee on Energy and Environment
Committee on Science, Space and Technology
United States House of Representatives
Washington, D.C. 20510

Dear Chairman Harris:

This letter responds to your April 25, 2012, request for additional information on the Energy Information Administration (EIA) report, *Federal Financial Interventions and Subsidies in Fiscal Year 2010*.¹ Specifically you asked that we update the report to include information that was included in Tables ES5 and ES6 of the 2007 version of the report.²

As you know, EIA is the statistical and analytical agency within the U.S. Department of Energy responsible for collecting, analyzing, and disseminating independent and impartial energy information. EIA decisions regarding approaches, conclusions, and which calculations to highlight in a particular analysis reflect a rigorous internal review process. As you noted, in its earlier report covering subsidies during 2007, EIA simply divided the total estimated subsidies for each fuel or technology for the year being examined by the total electricity or Btu produced for that fuel or technology. The resultant number provided a rough measure of the per-unit output subsidy for each fuel or technology. The updated report covering subsidies in 2010 continues to provide context for the relative size of the direct energy subsidies in a single calendar year by providing both the subsidy values and output measures by fuel and technology. However, after careful review, we determined that simply dividing the subsidy estimates by output in a single year would provide a measure that was likely to be misleading and could easily be misconstrued. The reasons include:

- The simple calculation only examines a single year's subsidy and output data, so it does not capture the impact of imbedded subsidies over time. For example, this calculation would provide a low per-unit subsidy estimate for a technology that received little subsidy in 2010 even if it had received large subsidies in preceding years. Conversely, the calculation would lead to a large per-unit subsidy estimate for a technology or fuel with subsidy expenditures in 2010 where production was only beginning to ramp up.
- The majority of the subsidies included in the 2010 report, including investment tax credits, research and development expenditures, direct government spending, and financing support

¹ See <http://www.eia.gov/analysis/requests/subsidy/>.

² See <http://www.eia.gov/oiaf/servicert/subsidy2/index.html>.



are more closely tied to long-run investment decisions than directly to current energy production. Many of these expenditures would not be expected to have an immediate impact on energy production, but would instead benefit production over the life of specific projects. In such cases, dividing expenditures by current production alone can significantly overstate actual subsidy costs per unit of production.

- Failure to consider global impacts can also lead to misleading estimates of per-unit subsidy costs. For example, support going to manufacturing facilities may eventually lead to increased use of supported technologies both domestically and internationally.
- Some of the financial supports are very narrowly targeted towards specific facilities but the simple calculation included in the 2007 report divided by the total production from a technology or fuel, whether all of the facilities currently operating received a subsidy or not. This tends to make more mature technologies appear to have very low per unit subsidies, even though there could be a large subsidy to a particular fuel that is narrowly focused on a small subset of the facilities or production.

While some of these concerns also applied at the time of the 2007 report, they have been significantly exacerbated by the expansion and different structures of many of the subsidies covered in the 2010 update of the report. Under Section 1603 of the American Recovery and Reinvestment Tax Act (ARRTA), for example, renewable energy project developers could apply for initial cash payments for capital investments in lieu of the production tax credits (PTC) or the investment tax credits (ITC). The most recent Overview and Status Update Report of the §1603 Program, dated March 29, 2012,³ lists the number of projects by state that received such funding. Further, the DOE loan program, designed to support nuclear power, energy efficiency and renewable energy projects, advanced fossil fuels, electric power transmission systems, advanced technology vehicles, and leading-edge biofuels, was only in its early stages in FY 2010.

I hope this explains why EIA stands behind the report as published.

Sincerely,



Howard K. Gruenspecht
Deputy Administrator
U.S. Energy Information Administration

cc: The Honorable Brad Miller
Ranking Member

³ <http://www.treasury.gov/Initiatives/recovery/Documents/Status%20overview.pdf>



Department of Energy

Washington, DC 20585

April 11, 2013

The Honorable Lamar Smith
Committee on Science, Space and Technology
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Smith:

This responds to your February 22, 2013, letter requesting the Energy Information Administration (EIA) provide two tables based on data in the report, *Federal Financial Interventions and Subsidies in Fiscal Year 2010*.¹ Specifically you requested that we update the report to include information that was included in Tables ES5 and ES6 of the 2007 version of the report.²

When I testified at the Energy Subcommittee hearing on February 13, 2013, Subcommittee Chairman Cynthia Lummis raised the issue and I committed to review the information and respond to the Committee. While I was not the Administrator at the time of the 2007 and 2010 studies, I have reviewed the extensive research and analysis, including the presentation of information in the reports and concur with EIA's decision not to publish tables that distort the relationship of dollars of long term capital investment to the generation of electricity over a single year or even partial year.

In its earlier report ("the 2008 version") covering subsidies during 2007, EIA simply took the total estimated subsidies for each fuel or technology for the year being examined and divided that by the total electricity or Btu produced for that fuel or technology. The resultant number provided a rough measure of the per-unit output subsidy for each fuel or technology. The updated report covering subsidies in 2010 continues to provide context for the relative size of the direct energy subsidies in a single calendar year by providing both the subsidy values and output measures by fuel and technology. However, after careful review, EIA determined that simply dividing the subsidy estimates by output in a single year would provide a measure that was likely to be misleading and could easily be misconstrued, for the following reasons:

- The calculation only examines a single year's subsidy and output data, so it does not capture the impact of imbedded subsidies over time. For example, this calculation would provide a low per-unit subsidy estimate for a technology that received little subsidy in 2010 even if it had received large subsidies in preceding years. Conversely, the calculation would lead to a large per-unit subsidy estimate for a technology or fuel with subsidy expenditures in 2010 where production was only beginning to ramp up.

¹ See <http://www.eia.gov/analysis/requests/subsidy/>.

² See <http://www.eia.gov/ciaf/service/nt/subsidy2/index.html>.

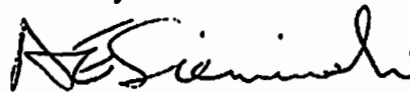


- The majority of the subsidies included in the 2010 report, including investment tax credits, research and development expenditures, direct government spending, and financing support are more closely tied to long-run investment decisions than directly to current energy production. Many of these expenditures would not be expected to have an immediate impact on energy production, but would instead benefit production over the life of specific projects. In such cases, dividing expenditures by current production alone can significantly overstate actual subsidy costs per unit of production.
- Failure to consider global impacts can also lead to misleading estimates of per-unit subsidy costs. For example, support going to manufacturing facilities may eventually lead to increased use of supported technologies both domestically and internationally.
- Some of the supported technologies are very narrowly focused, but in previous reports the calculation divided by the total production from a technology or fuel, whether all of the facilities currently generating received a subsidy or not. This tends to make more mature technologies appear to have very low per unit subsidies, even though there could be a large subsidy to a particular fuel that is narrowly focused on a small subset of the facilities or production.

While some of these concerns also applied at the time of the 2007 report, they have been significantly exacerbated by the expansion and different structures of many of the subsidies covered in the 2010 update of the report. For example, under Section 1603 of the American Recovery and Reinvestment Tax Act, renewable energy project developers could apply for initial cash payments for capital investments in lieu of the production tax credits or the investment tax credits. This tended to front load the costs of the subsidy rather than spread it over the production life of the project.

I hope this explains why EIA stunds behind the report as published.

Sincerely,



Adam Sieminski
Administrator
U.S. Energy Information Administration



Department of Energy

Washington, DC 20585

October 12, 2012

The Honorable Max Baucus
The Joint Committee on Taxation
1625 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Baucus:

This is in response to your letter of April 5, 2012, requesting that the U.S. Energy Information Administration (EIA) provide you with information and analysis relevant to proposed legislation to promote the use of natural gas as vehicle fuel. Following receipt of your letter, EIA met with staff of the Joint Committee on Taxation (JCT) on May 24, 2012. JCT staff indicated that they were particularly interested in information regarding natural gas refueling infrastructure. In June, EIA released the 2012 edition of its *Annual Energy Outlook*, which includes an 'Issues in Focus' article that discusses the use of natural gas as a fuel for heavy duty vehicles (HDVs) and presents a modeling scenario that illustrates the energy implications of widespread penetration of liquefied natural gas (LNG) as a fuel for HDVs. Along with that article, I have enclosed a short paper that provides additional background, context, and limited quantification of the costs, scale, and timing for potential development of LNG refueling infrastructure for the HDV market, particularly long-haul freight trucking.

Please do not hesitate to contact me if I can be of further assistance. Alternatively, your staff may contact John Conti, EIA's Assistant Administrator for Energy Analysis at (202)586-2222.

Sincerely,

A handwritten signature in black ink that reads "A Sieminski".

Adam Sieminski
Administrator
U.S. Energy Information Administration

Enclosures



Printed with soy ink on recycled paper



Department of Energy
Washington, DC 20585

October 09, 2012

The Honorable John Kerry
Chairman, Committee on Foreign
Relations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

I am pleased to provide you with the enclosed report entitled *Natural Gas Exports from Iran*.

The report is an assessment of the natural gas sector in Iran, with a focus on Iran's natural gas exports and was prepared pursuant to section 505 (a) of the Iran Threat Reduction and Syria Human Rights Act of 2012 (Public Law No: 112-158). As requested, it includes: (1) an assessment of exports of natural gas from Iran; (2) an identification of the countries that purchase the most natural gas from Iran; (3) an assessment of alternative supplies of natural gas available to those countries; (4) an assessment of the impact a reduction in exports of natural gas from Iran would have on global natural gas supplies and the price of natural gas, especially in countries identified under number (2); and (5) other appropriate information.

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, reading "A Sieminski". The signature is fluid and cursive.

Adam Sieminski
Administrator
U.S. Energy Information Administration

Enclosure

cc: The Honorable Richard G. Lugar
Ranking Member





Department of Energy
Washington, DC 20585

October 09, 2012

The Honorable Dave Camp
Chairman, Committee on Ways and
Means
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am pleased to provide you with the enclosed report entitled *Natural Gas Exports from Iran*.

The report is an assessment of the natural gas sector in Iran, with a focus on Iran's natural gas exports and was prepared pursuant to section 505 (a) of the Iran Threat Reduction and Syria Human Rights Act of 2012 (Public Law No: 112-158). As requested, it includes: (1) an assessment of exports of natural gas from Iran; (2) an identification of the countries that purchase the most natural gas from Iran; (3) an assessment of alternative supplies of natural gas available to those countries; (4) an assessment of the impact a reduction in exports of natural gas from Iran would have on global natural gas supplies and the price of natural gas, especially in countries identified under number (2); and (5) other appropriate information.

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, reading "A Sieminski", is positioned above the typed name.

Adam Sieminski
Administrator
U.S. Energy Information Administration

Enclosure

cc: The Honorable Sander M. Levin
Ranking Member





Department of Energy
Washington, DC 20585

October 09, 2012

The Honorable Lamar S. Smith
Chairman, Committee on the Judiciary
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am pleased to provide you with the enclosed report entitled *Natural Gas Exports from Iran*.

The report is an assessment of the natural gas sector in Iran, with a focus on Iran's natural gas exports and was prepared pursuant to section 505 (a) of the Iran Threat Reduction and Syria Human Rights Act of 2012 (Public Law No: 112-158). As requested, it includes: (1) an assessment of exports of natural gas from Iran; (2) an identification of the countries that purchase the most natural gas from Iran; (3) an assessment of alternative supplies of natural gas available to those countries; (4) an assessment of the impact a reduction in exports of natural gas from Iran would have on global natural gas supplies and the price of natural gas, especially in countries identified under number (2); and (5) other appropriate information.

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "ASieminiski".

Adam Sieminski
Administrator
U.S. Energy Information Administration

Enclosure

cc: The Honorable John Conyers, Jr.
Ranking Member



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Department of Energy

Washington, DC 20585

October 09, 2012

The Honorable Darrell Edward Issa
Chairman, Committee on Oversight and
Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am pleased to provide you with the enclosed report entitled *Natural Gas Exports from Iran*.

The report is an assessment of the natural gas sector in Iran, with a focus on Iran's natural gas exports and was prepared pursuant to section 505 (a) of the Iran Threat Reduction and Syria Human Rights Act of 2012 (Public Law No: 112-158). As requested, it includes: (1) an assessment of exports of natural gas from Iran; (2) an identification of the countries that purchase the most natural gas from Iran; (3) an assessment of alternative supplies of natural gas available to those countries; (4) an assessment of the impact a reduction in exports of natural gas from Iran would have on global natural gas supplies and the price of natural gas, especially in countries identified under number (2); and (5) other appropriate information.

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

Adam Sieminski
Administrator
U.S. Energy Information Administration

Enclosure

cc: The Honorable Elijah E. Cummings
Ranking Member





Department of Energy

Washington, DC 20585

October 09, 2012

The Honorable Spencer T. Bachus
Chairman, Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am pleased to provide you with the enclosed report entitled *Natural Gas Exports from Iran*.

The report is an assessment of the natural gas sector in Iran, with a focus on Iran's natural gas exports and was prepared pursuant to section 505 (a) of the Iran Threat Reduction and Syria Human Rights Act of 2012 (Public Law No: 112-158). As requested, it includes: (1) an assessment of exports of natural gas from Iran; (2) an identification of the countries that purchase the most natural gas from Iran; (3) an assessment of alternative supplies of natural gas available to those countries; (4) an assessment of the impact a reduction in exports of natural gas from Iran would have on global natural gas supplies and the price of natural gas, especially in countries identified under number (2); and (5) other appropriate information.

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, reading "Adam Sieminski".

Adam Sieminski
Administrator
U.S. Energy Information Administration

Enclosure

cc: The Honorable Barney Frank
Ranking Member



Printed with soy ink on recycled paper



Department of Energy

Washington, DC 20585

October 09, 2012

The Honorable Ileana Ros-Lehinen
Chairman, Committee on Foreign Affairs
U.S. House of Representatives
Washington, DC 20515

Dear Madam Chairman:

I am pleased to provide you with the enclosed report entitled *Natural Gas Exports from Iran*.

The report is an assessment of the natural gas sector in Iran, with a focus on Iran's natural gas exports and was prepared pursuant to section 505 (a) of the Iran Threat Reduction and Syria Human Rights Act of 2012 (Public Law No: 112-158). As requested, it includes: (1) an assessment of exports of natural gas from Iran; (2) an identification of the countries that purchase the most natural gas from Iran; (3) an assessment of alternative supplies of natural gas available to those countries; (4) an assessment of the impact a reduction in exports of natural gas from Iran would have on global natural gas supplies and the price of natural gas, especially in countries identified under number (2); and (5) other appropriate information.

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, reading "A Sieminski".

Adam Sieminski
Administrator
U.S. Energy Information Administration

Enclosure

cc: The Honorable Howard Berman
Ranking Member





Department of Energy

Washington, DC 20585

February 24, 2012

The Honorable Jeff Bingaman
Chairman, Committee on Energy and Natural Resources
United States Senate
Washington, DC 20515

Dear Mr. Chairman:

At the Committee hearing on January 31, 2012, the implications of a significant reduction in refining activity in the Northeast was discussed. The enclosed paper, *Potential Impacts of Reductions in Refinery Activity on Northeast Petroleum Product Markets*, updates and expands upon the short paper the Energy Information Administration (EIA) released in December 2011.

The new paper provides a more complete discussion of our analysis to date. The situation is still evolving and we expect to continue to follow it closely and provide additional information as warranted. While it is too early to say how restructuring of the regional refining and logistics infrastructure will affect product markets and redefine the supply of petroleum products to East Coast consumers, it is probably safe to expect significant changes in supply dynamics and product pricing as changing market conditions compound the impact of corporate restructuring.

Beyond the enclosed paper, EIA has recently published a number of reports on various aspects of the market in This Week in Petroleum:

- East Coast Gasoline Imports: Recent Trends and Developments, January 19, 2012
- Diverging trends in regional crude acquisition costs, January 25, 2012
- Midstream Makeover, February 15, 2012
- The HOVENSA refinery closure removes an important source of East Coast gasoline and distillate supply, February 23, 2012

I hope the information provided is responsive is useful in your consideration of this matter. Please do not hesitate to contact me if I can be of further assistance. Members of your staff may contact John Conti, Assistant Administrator for Energy Analysis at 202-586-2222 or Shirley Neft, Senior Advisor to the Administrator at 202-586-7111 should they have further questions regarding this matter.

Sincerely,

Howard K. Gruenspecht
Acting Administrator
U.S. Energy Information Administration

Enclosure

cc: The Honorable Lisa Murkowski
Ranking Member
Members of the Committee



Printed with soy ink on recycled paper



Department of Energy
Washington, DC 20585

April 12, 2013

The Honorable Howard P. "Buck" McKeon
Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20510

Dear Representative McKeon:

In your December 20, 2012, letter to the Department regarding the reprogramming of \$34.3 million to the Salt Waste Processing Facility (SWPF) (project 05-D-405), you expressed continuing concerns with project management within the Department—both within the National Nuclear Security Administration and the Environmental Management programs. Let me assure you that the leadership of the Department shares your concerns.

To improve acquisition planning and contract management, on December 13, 2012, the Deputy Secretary issued a memorandum to all departmental elements on Aligning Contract Incentives for Capital Asset Projects. The memorandum requires the Department to adhere to two primary principles:

First, the Department will align contractor interests with taxpayer interests. In other words, no contract should be structured so that the contractor is rewarded if the taxpayers are not well served.

Second, the Department will structure these contracts so that the contractors will bear responsibility for their actions, i.e., taxpayers should not pay for contractor negligence, poor performance, or error, but should share in saving or gains that the contractors generate through better-than-promised performance.

These principles will be applied to the SWPF project going forward. The Department is reviewing the contractor's proposal and will go through the Energy System Acquisition Advisory Board process to determine the new baseline for the project. The Department plans to respond to your Committee's questions as soon as possible after the Department approves the new baseline.

If you have any questions or need any additional information, please have your staff contact Ms. Kathy Peery, Office of Congressional and Intergovernmental Affairs, at (202) 586-2794, or Mr. Chris Johns, Director of the Office of Budget, Office of the Chief Financial Officer, at (202) 586-4180.

Sincerely,

Dave Huizenga
Senior Advisor
for Environmental Management

cc: The Honorable Adam Smith, Ranking Member





Department of Energy
Washington, DC 20585

EXEC-2013-001967

March 20, 2013

Congressman Lamar Smith
Chairman
Science, Space, and Technology Committee
2409 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Smith:

This is in response to your letter to Secretary Chu dated February 26, 2013, regarding the EPO Section 999 research program formally known as *Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research*. Your letter was forwarded to the Office of Fossil Energy for response.

The funding provided for this program has resulted in over 125 new projects for research that would not be funded by the private sector. The Department of Energy takes great pride in the execution of this research program. Every effort is made to expedite the approval process for each project recommended for award. At the present time, all projects recommended to the Department have been approved, and there is no backlog of projects awaiting approval.

We look forward to continued success in the execution of this program and the efforts we have made toward improvements in technology and environmental sustainability related to oil and natural gas production.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Smith", is positioned above the typed name.

Christopher A. Smith
Acting Assistant Secretary
Office of Fossil Energy





Department of Energy
Washington, DC 20585

May 4, 2012

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is the second response and first production of documents relating to your February 10, 2012 request relating to the Advanced Technology Vehicle Manufacturing (ATVM) Section 136 program.

Enclosed are copies of the applications submitted by the five companies that received loans under the ATVM program: Ford, Nissan, Fisker, Tesla, and the Vehicle Production Group. The applications are being provided in redacted form with the consent of Committee staff.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me or Christopher Davis of our office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", is positioned above the typed name.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Elijah E. Cummings, Ranking Minority Member
Committee on Oversight and Government Reform





Department of Energy
Washington, DC 20585

April 13, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Stearns:

Enclosed herewith is a spreadsheet containing information responsive to your March 7, 2012 letter request relating to applicants that applied for DOE loans and loan guarantees and entered due diligence but did not ultimately receive loans or loan guarantees. For Title XVII loan guarantees, these are applicants with completed and accepted Part II applications. For Advanced Technology Vehicles Manufacturing loans, these are applications with completed and accepted applications.

The enclosed document contains highly sensitive and confidential business information the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, the enclosed includes sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. The enclosed document may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government.

We greatly appreciate your staff's willingness strictly to limit access to the enclosed materials and to take all other appropriate steps to preserve their confidentiality.

We further respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.



We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric J. Fygi', with a stylized flourish at the end.

Eric J. Fygi
Deputy General Counsel

Enclosure

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations



Department of Energy
Washington, DC 20585

June 15, 2012

The Honorable Andy Harris
Chairman
Subcommittee on Energy and Environment
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Harris:

Your letters to Secretary Chu of March 26, 2012, and May 18, 2012, regarding ECotality included two questions concerning a subpoena issued to that company by the Securities and Exchange Commission (S.E.C.) in 2010. Specifically, your letters inquired whether DOE was aware that the S.E.C. had issued this subpoena in 2010, and, if so, why did DOE choose to make a further financial assistance award to that company in 2011?

I am informed that DOE learned of the issuance of the 2010 subpoena in March of 2011. It was not informed of this step by the S.E.C. or by any other federal agency; instead, DOE learned of the 2010 subpoena from public filings made by ECotality with the S.E.C. DOE has never been afforded a copy of the 2010 subpoena.

Your letters next questioned why DOE had made an additional award in 2011, after the 2010 subpoena. As the enclosed July 19, 2011, Chairperson's Report, Area of Interest 8 Advanced Vehicle Testing and Evaluation, demonstrates, ECotality's application earned the highest final consensus rating score among its cohort of applicants and was deemed meritorious by DOE professional staff and outside experts under the rigorous review procedures applied by the Department in evaluating applications for such awards. See Report, Attachment 6 at 6-1, showing the scores of all applications received from FOA No. DE-FOA-0000239, predicate for the July 20, 2011 award to Ecotality. Those procedures were described extensively in Assistant Secretary Danielson's letter to you of May 1, 2012 and its attachments.

Your letter appears to question the propriety of DOE's having made this award after the issuance of the subpoena by the S.E.C. We understand, however, that such S.E.C. subpoenas are non-public investigative tools that the S.E.C. itself regards as not indicating that the agency has any negative opinion of any person or entity. The Form 10Q filed with the S.E.C. by ECotality indicated that the S.E.C. had advised that the fact-finding inquiry "should not be construed as a determination that violations of law have occurred."



An agency's decision that a company is excluded from receiving contract or financial assistance awards independent of the merits of their response to the agency solicitations would effectively constitute a debarment of that company. Government-wide regulations that have been adopted by DOE provide in substance that debarments from awards of contracts and debarments from awards of financial assistance have a uniform result regarding Government-wide ineligibility of the firm in question.

Thus, the Department would apply the same care in considering a potential debarment from eligibility for financial assistance awards as it does for awards of procurement contracts. In the circumstances presented here, where there has been no established wrongdoing by ECOtality that would indicate that the firm's capability (termed "responsibility" in government procurement) has been affected, there would seem to have been no proper basis for the Department to have withheld an award to ECOtality for which it qualified on the merits in responding to a public funding opportunity announcement.

I hope this information will be helpful to you and to the Subcommittee.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric J. Fygi', with a stylized flourish at the end.

Eric J. Fygi
Deputy General Counsel

Enclosure

cc: The Honorable Brad Miller
Ranking Member



Department of Energy
Washington, DC 20585

June 1, 2012

The Honorable Darrell Issa
Chairman
Committee on Oversight and
Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your May 23, 2012, letter to Secretary Chu regarding the Department of Energy's response to the Committee on Oversight and Government Reform's ongoing investigation of the Department's loan programs, and the Secretary's testimony before the Committee on March 20, 2012.

The Department takes the Committee's oversight responsibilities very seriously and has responded diligently throughout the Committee's investigation. In this Congress, the Department has provided the Committee with more than 400,000 pages of responsive documents. These responses have required the work of scores of Department personnel and thousands of hours of staff time.

The Department has made these responses on a continuing basis, as it has done in response to document requests for other congressional committees. Further, your claim that since March 8, 2012, "the Committee has not received any additional documents from DOE" is erroneous. Between March 8, 2012, and our receipt of your most recent letter, the Department has sent the Committee five letters and produced over 22,000 pages of responsive documents, providing sets of documents on both March 15, 2012, and May 5, 2012. Moreover, the May 5, 2012, materials were produced in electronic format. Our electronic production and future electronic productions reflect the Secretary's personal commitment to you to accommodate the Committee's request for electronic production.¹

¹ At the same time, the Department has been endeavoring to respond diligently to many other Congressional oversight obligations. In total from March 8, 2012, to the date of your most recent letter, the Department sent sixteen oversight response letters to Congress, including over 37,000 pages of responsive documents. In total, the Department has produced more than 700,000 pages of documents to Congressional committees in the 112th Congress.



Even though the Committee's requests place significant burdens on the Department, we are committed to continuing to be responsive. Enclosed with this letter is an additional production of documents responsive to your requests. The Department continues to collect and review documents responsive to the Committee's requests, and anticipates making further productions to the Committee.

The enclosed documents include highly sensitive and confidential business information, the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, some of the information transmitted herewith may include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. These documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We, therefore, respectfully request that the Committee consult with the Department before releasing this information or any portion thereof.

Your letter also asserts that certain documents released by the Committee relating to BrightSource Energy's loan guarantee application may "rais[e] questions about the validity of" Secretary Chu's March 20, 2012, testimony. We respectfully submit that the documents are entirely consistent with Secretary Chu's repeated explanations — amply documented in the more than 400,000 pages of documents the Department has produced to the Committee — that every loan guarantee issued by the Department was preceded by extensive due diligence by career DOE officials and issued on the basis of its technical merits.

In his appearance before the Committee on March 20, 2012, Secretary Chu was asked:

Chairman Jordan: Did [the] White House ever call you about — talked to you about any of these [several loan guarantees about which Chairman Jordan had previously been questioning the Secretary]? Did you get someone from the White House, chief of staff, someone from the White House talk to you about these respective companies with — involving these individuals?

Secretary Chu: No, we did not.²

The emails the Committee has released are communications between BrightSource and Department officials, and include several references to communication between BrightSource employees and White House personnel. None of the emails includes any communication with Secretary Chu, nor makes reference to any communications with Secretary Chu. And none includes any suggestion that the Department's review of BrightSource's loan guarantee application was based on anything other than its technical merits.

More fundamentally, there is nothing improper about a loan guarantee applicant petitioning the United States Government to advocate for its project. On the contrary, it is common for applicants to advocate for their projects to both Executive Branch and Congressional officials.

² March 20, 2012, Hearing Tr.

In fact, the Department has received nearly 500 letters from members of Congress supporting particular projects. Likewise, it is common for an applicant and the Department to communicate regarding matters such as the Department's due diligence, the timing of the Department's review, or the merits of an application. Without such communication, the Department could not conduct the rigorous review needed to ensure that taxpayer dollars are being well spent and the objectives of the 1705 program are being advanced.

The Secretary has personally testified before Congress eight times in the past six months, including three times — comprising over 10 hours of testimony — expressly regarding the Department's loan programs. On March 20, he testified before this Committee for over three and a half hours. The Secretary's testimony on March 20 was in no way contradicted by the documents released since then.

If you have any further questions regarding this matter, please call me or Christopher Davis of our office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric J. Fygi', with a stylized flourish at the end.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Elijah Cummings, Ranking Member

The Honorable Jim Jordan, Chairman
Subcommittee on Regulatory Affairs, Stimulus
Oversight and Government Spending

The Honorable Dennis Kucinich, Ranking Member
Subcommittee on Regulatory Affairs, Stimulus
Oversight and Government Spending



Department of Energy

Washington, DC 20585

July 25, 2012

The Honorable Andy Harris
Chairman
Subcommittee on Energy and Environment
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This response transmits the third set of documents in response to your March 26, May 18, and June 29, 2012 letters.

The enclosed documents contain highly sensitive and confidential business information the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, some of the enclosed documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government.

We greatly appreciate your staff's willingness strictly to limit access to the enclosed materials and to take all other appropriate steps to preserve their confidentiality.

We further respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

If you need additional information, please contact me or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

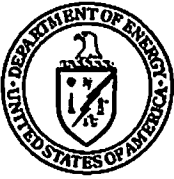
Sincerely,

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Brad Miller, Ranking Member
Energy and Environment Subcommittee
Committee on Science, Space and Technology





Department of Energy
Washington, DC 20585

August 6, 2012

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

As the Committee requested in its letter of July 18, 2012, enclosed is a collection of all the emails in the Department's possession that it has identified as bearing the (b) (6) personal e-mail address. This is the only personal e-mail account used by Mr. Silver of which the Department is aware.

If you have any questions regarding this matter, please call me or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", is written over a horizontal line.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Elijah Cummings, Ranking Member





Department of Energy

Washington, DC 20585

August 17, 2012

The Honorable Andy Harris
Chairman
Subcommittee on Energy and Environment
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This response transmits the fourth set of documents in response to your March 26, May 18, June 29, and August 8, 2012 letters.

The Department takes the Committee's oversight responsibilities seriously and has responded diligently throughout the Committee's investigation. To date, the Department has produced to the Committee more than 1,000 pages of responsive documents relating to DOE's decision to award funding to Ecotality for vehicle testing activities and the development and deployment of electric charging stations. On behalf of the Department, Kathleen Hogan, Deputy Assistant Secretary for Energy Efficiency, testified before the Committee on July 26, 2012 and responded to all question asked by Committee members.

In your August 8, 2012, letter, the Committee requested additional information related to applicants and financial recipients other than Ecotality. As we have stressed in the past, this information is highly sensitive and contains confidential business information the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. Disclosure of information related to companies that were not successful in the Department's competitive solicitations may also involve proprietary information that could adversely affect a company's financial position.

In addition, some of the enclosed documents transmitted herewith also include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. These documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. As such, we request that you strictly limit access to the enclosed materials and take all other appropriate steps to preserve their confidentiality. We further respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

Finally, with respect to the enclosed Defense Contract Audit Agency (DCAA) documents responsive to Question 1 of your incoming request, we have been advised by the DCAA as follows: "The contractor financial and accounting system information contained in these reports are considered proprietary by the



company and should not be released to the public. The information made available to you in these reports contains financial data furnished to the Government in confidence. Such information must be protected from unauthorized disclosure under 18 U.S.C. 1905. For this reason, the reports have been marked FOR OFFICIAL USE ONLY."

If you need additional information, please call me or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric J. Fygi', with a long horizontal flourish extending to the right.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Brad Miller
Ranking Member
Energy and Environment Subcommittee
Committee on Science, Space and Technology



Department of Energy

Washington, DC 20585

September 11, 2012

The Honorable Andy Harris
Chairman
Subcommittee on Energy and Environment
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This response transmits the fifth set of documents in response to your March 26, May 18, June 29, and August 8, 2012 letters.

Some of the enclosed documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. These documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. As such, we request that you strictly limit access to the enclosed materials and take all other appropriate steps to preserve their confidentiality. We further respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

If you need additional information, please call me or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", is written over a horizontal line.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Brad Miller
Ranking Member
Energy and Environment Subcommittee
Committee on Science, Space and Technology





Department of Energy

Washington, DC 20585

November 28, 2012

The Honorable Andy Harris
Chairman
Subcommittee on Energy and Environment
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This response transmits the sixth set of documents in response to your March 26, May 18, June 29, and August 8, 2012 letters. These documents were also requested in the questions submitted for the record after the Committee's July 26, 2012 hearing with Deputy Assistant Secretary For Energy Efficiency Kathleen Hogan.

Some of the enclosed documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. These documents may contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. As such, we request that you strictly limit access to the enclosed materials and take all other appropriate steps to preserve their confidentiality. We further respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

If you need additional information, please call me or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", is written over a horizontal line.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Brad Miller
Ranking Member
Energy and Environment Subcommittee
Committee on Science, Space and Technology





Department of Energy

Washington, DC 20585

August 24, 2012

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I write regarding your August 15, 2012, letters to six current and former employees and four current and former individual contractors of the Department of Energy. As we understand it, your letter seeks email communications from these individuals' private email accounts referring or related to "DOE's loan guarantee program, any application for a DOE loan guarantee, or any other DOE-related activity."

Your letter expresses concern that certain communications contained in private email accounts may in fact be federal records. Although we did not receive your letter directly, we are committed to being responsive to the Committee's oversight efforts. To that end, on August 17, 2012, I wrote to the ten recipients of your letter, stating as follows:

In light of these documents' potential character as agency records of the Department of Energy, we request that you: (1) immediately conduct a thorough search of your personal email accounts and other personal electronic storage devices for any emails related to Department business and any other agency records; and (2) provide all such emails and other records to me by August 22, 2012. The Department will, itself, review and, as appropriate, produce all responsive documents to the Committee.

Accordingly, enclosed herewith are email communications from the six current and former DOE employees who received your letter: Brandon Hurlbut, Richard Kauffman, Jeff Navin, Frances Nwachuku, Matthew Winters, and Morgan Wright.

Your letter expresses concern about "the prospect that records . . . were not captured by official government e-mail archiving systems." It states that, "[u]nless all e-mails were forwarded to [the user's] federal government (.gov) address or preserved as paper copies, there is a risk that records subject to the PRA or FRA were not retained as required by law." Accordingly, we have enclosed here emails sent between private email accounts, i.e., emails without a ".gov" sender or recipient. As your letter makes clear, emails forwarded to or from a DOE email account, or including a ".gov" sender or recipient, would already have been retained on government systems. Doubtless the Committee's examinations of the large document collections already provided it by the Energy Department reveal this fact.



More broadly, your letter appears to express concern about potentially improper use of private email accounts for the conduct of "DOE-related activity." Three recipients of your letter are individual DOE contractors or subcontractors. One additional recipient also is such a former DOE contractor. Such contractors do not perform governmental functions. As you are aware, privately engaged contractors, unlike federal employees, are generally engaged to perform discrete tasks in support of a federal office or agency. It is, accordingly, entirely predictable and entirely expected for such privately engaged individuals to maintain corporate or private, non-governmental email accounts or to conduct business with the Department on those accounts.

Finally, although the Committee describes the email communications in question as documenting Departmental activities, it has directed its request solely to individual email correspondents. The issues the Committee seeks to illuminate are institutional—not ones of individual working-level people. Yet the Committee has targeted selected individuals in their personal capacity, rather than directing those requests directly to the Department. Moreover, Committee staff has telephoned at least some recipients of your August 15, 2012, letter with an apparent purpose to intimidate those individuals by making threatening references to U.S. Marshals coming to their homes to serve subpoenas.

Despite our significant concern with these practices, we are, as I stated above, willing to strive to provide the Committee the information it seeks in order to understand the loan guarantee transactions about which it has inquired. I believe that today's production, and the more than 620,000 pages of documents the Department has already provided, demonstrate by any objective measure our willingness to continue working with the Committee in its efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", with a long horizontal flourish extending to the right.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Elijah Cummings, Ranking Member



Department of Energy
Washington, DC 20585

August 31, 2012

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government and Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I write regarding your August 28, 2012 letters to six current and former employees and four current and former individual contractors of the Department of Energy seeking to depose them "to further the Committee's understanding of the Department of Energy's use of Recovery Act funds."¹ These letters come in addition to your August 15, 2012 letters seeking email communications from these individuals' private email accounts, and telephone calls to these individuals from Committee staff with threatening references to U.S. Marshals coming to their homes to serve subpoenas.

Congressional oversight powers should not be used for the apparent purpose of threatening and intimidating individual, working-level people. Yet on an August 30 conference call with the Department, Committee staff stated their intent to continue to make inquiries directly to individual employees instead of the Department. While unjustified as a general matter, the Committee's threats are particularly inappropriate given the Department's continuing, demonstrated cooperation with your investigations.

In the past 12 months, the Department has produced 688,000 pages of documents in response to 16 Committee letters requesting documentary information regarding the Loan Guarantee Program. In addition, all 27 companies that received 1705 loan guarantees have already produced to the Committee communications encompassing the entirety of their interactions with DOE. The Secretary of Energy, the former and current acting Directors of the Loan Programs Office, and the Chairmen or CEOs of eight separate loan guarantee recipients gave sworn testimony at four Committee hearings. For the Department alone, these efforts have required the work of scores of personnel and thousands of hours of staff time.

¹ See, e.g., Letter from Chairman Issa (Aug. 28, 2012), at 1.



Even after this extensive and costly investigation, the essential facts have remained the same—decisions on loan applications were made on the merits after careful review by experienced professionals in the loan program. Nothing that has emerged from the Committee's investigative efforts has yielded any plausible indication of any improper influence. The Committee's August 15, 2012 letters now shift to an entirely different procedural issue—whether emails sent by Department employees or contractors “were not captured by official government e-mail archiving systems.”² To assist the Committee in answering that question, the Department promptly took several, significant steps:

- First, on August 17, 2012 the Department wrote to each individual recipient of your August 15, 2012 letter requesting that he or she “(1) immediately conduct a thorough search of [his or her] personal email accounts and personal electronic storage devices for any emails related to Department business and any other agency records; and (2) provide all such emails and other records to” the Department.
- Second, the Department in fact collected emails that could be responsive to the Committee's August 15, 2012 request.
- Third, on August 24, 2012 the Department produced to the Committee all responsive email communications from the named six current and former DOE employees that had not been captured by official government email archiving systems.

Any fair observer of these facts would conclude that the Department and its current and former employees are in full compliance with the Committee's August 15, 2012 requests. Yet the Committee's August 28, 2012 letters now threaten individuals with “depositions” during the week of September 4, 2012. On the conference call with your staff yesterday, we asked why the Committee was threatening individuals with depositions before having even sought briefings on identified topics from Department staff. The Committee staff was unable to provide any satisfying answer to this very appropriate question.

As to the Department's current and former contractors, the entire premise of the Committee's current investigation is that there may have been improper use of private email accounts for the conduct of official “DOE-related activity.” There can be no such concern with respect to DOE contractors, who do not perform governmental functions. There is nothing untoward about private contractors using private emails to fulfill their contractual duties. Without any possible means of establishing improper use of private email accounts, the Committee's demand to see contractor emails amounts to nothing more than an unjustified, indiscriminate fishing expedition.

² See, e.g., Letter from Chairman Issa (Aug. 15, 2012), at 1.

Despite our grave and deepening concerns with the Committee's practices, we remain committed to cooperating with any and all reasonable and legitimate oversight requests. As we wrote on August 17 and on August 24, any communication with DOE employees will be handled through the Department's Office of Congressional and Intergovernmental Affairs. Please direct any further inquiries to that office.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric J. Fygi', with a stylized flourish at the end.

Eric J. Fygi
Deputy General Counsel

cc: The Honorable Elijah Cummings, Ranking Member



Department of Energy

Washington, DC 20585

November 9, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Stearns:

This response transmits the first set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", is positioned above the typed name.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy

Washington, DC 20585

November 14, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Stearns:

This response transmits the second set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy

Washington, DC 20585

November 30, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Stearns:

This response transmits the third set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy

Washington, DC 20585

December 7, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Stearns:

This response transmits the fourth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi".

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy

Washington, DC 20585

December 14, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Stearns:

This response transmits the fifth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy
Washington, DC 20585

January 7, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the sixth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy
Washington, DC 20585

January 25, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the seventh set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy

Washington, DC 20585

February 1, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the eighth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy

Washington, DC 20585

February 8, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the ninth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", is written over a horizontal line.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy
Washington, DC 20585

February 19, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the tenth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", is written over a horizontal line.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy
Washington, DC 20585

February 22, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the eleventh set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", is written over a horizontal line.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy
Washington, DC 20585

March 1, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the twelfth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

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Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy

Washington, DC 20585

March 8, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the thirteenth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy

Washington, DC 20585

March 15, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the fourteenth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", is written over a horizontal line.

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy
Washington, DC 20585

March 22, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the fifteenth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy
Washington, DC 20585

March 28, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the sixteenth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy
Washington, DC 20585

April 5, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the seventeenth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy

Washington, DC 20585

April 12, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the eighteenth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy
Washington, DC 20585

April 26, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the nineteenth set of documents responsive to your October 10, 2012 request relating to Abound Solar Manufacturing, LLC.

Some of the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Some of these documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

Eric J. Fygi
Deputy General Counsel

Enclosures

cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations





Department of Energy

Washington, DC 20585

January 11, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the seventh set of documents responsive to your September 20, 2011, October 6, 2011, and December 13, 2012 requests relating to the Section 1705 loan guarantees.

The enclosed documents contain highly sensitive and confidential business information the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. These documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government.

We greatly appreciate your staff's willingness strictly to limit access to the enclosed materials and to take all other appropriate steps to preserve their confidentiality. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures



cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations



Department of Energy
Washington, DC 20585

January 18, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the eighth set of documents responsive to your September 20, 2011, October 6, 2011, and December 13, 2012 requests relating to the Section 1705 loan guarantees.

The enclosed documents contain highly sensitive and confidential business information the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. These documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government.

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Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures



cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations



Department of Energy

Washington, DC 20585

February 1, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the ninth set of documents responsive to your September 20, 2011, October 6, 2011, and December 13, 2012 requests relating to the Section 1705 loan guarantees.

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Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures



cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations



Department of Energy
Washington, DC 20585

February 8, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the tenth set of documents responsive to your September 20, 2011, October 6, 2011, and December 13, 2012 requests relating to the Section 1705 loan guarantees.

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Eric J. Fygi
Deputy General Counsel

Enclosures



cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations



Department of Energy
Washington, DC 20585

February 14, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the eleventh set of documents responsive to your September 20, 2011, October 6, 2011, and December 13, 2012 requests relating to the Section 1705 loan guarantees.

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We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

Eric J. Fygi
Deputy General Counsel

Enclosures



cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations



Department of Energy

Washington, DC 20585

February 22, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tim Murphy
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Upton and Murphy:

This response transmits the twelfth set of documents responsive to your September 20, 2011, October 6, 2011, and December 13, 2012 requests relating to the Section 1705 loan guarantees.

The enclosed documents contain highly sensitive and confidential business information the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, the documents transmitted herewith include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. These documents may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government.

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We continue to search for and anticipate producing additional responsive documents. If you have any questions regarding this matter, please call me at (202) 586-5284 or Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

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Eric J. Fygi
Deputy General Counsel

Enclosures



cc: The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations



Department of Energy
Washington, DC 20585

March 22, 2013

The Honorable Paul Broun, M.D.
Chairman
Subcommittee on Oversight
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, D.C. 20515

The Honorable James Lankford
Chairman
Subcommittee on Energy Policy, Health Care, and Entitlements
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Broun and Chairman Lankford:

Enclosed herewith is a spreadsheet containing information responsive to your January 25, 2013 letter request relating to pending applications under the §1703 and §1705 loan programs. As the §1705 loan program has ended, the spreadsheet includes a list of pending applications under the §1703 loan program. The AREVA and all three Vogtle applicants have received conditional commitments from the Loan Programs Office.

The enclosed document contains sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. The document may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing this document or any portion thereof.

If you have any questions regarding this matter, please contact Christopher Davis of our Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", is written over a horizontal line.

Eric J. Fygi
Deputy General Counsel

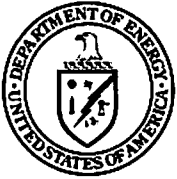
Enclosures

cc: The Honorable Dan Maffei, Ranking Member
Subcommittee on Oversight
Committee on Science, Space, and Technology



Printed with soy ink on recycled paper

**The Honorable Jackie Speier, Ranking Member
Subcommittee on Energy Policy, Health Care, and Entitlements
Committee on Oversight and Government Reform**



Department of Energy
Washington, DC 20585

March 5, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter responds to your request for documents provided by the Department to the Center for Strategic and International Studies ("Center") contained in your February 15, 2012 letter regarding the National Nuclear Security Administration's Y-12 National Security Complex. Enclosed are all of the responsive documents identified to date, which I understand to be a substantially complete collection. Also enclosed are several additional documents that were not provided to the Center but which are related to, or updates to, the documents provided.

Some of the enclosed documents contain information designated as Official Use Only or other information that may be exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for the remaining documents provided to the Center as well as the other documents requested in your letter. If you have any questions regarding this matter, please call me or Christopher Davis, Office of Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric J. Fygi", is written over a horizontal line.

Eric J. Fygi
Deputy General Counsel

Enclosures



cc: The Honorable Henry A. Waxman, Ranking Member
 The Honorable Tim Murphy, Chairman
 Subcommittee on Oversight and Investigations
 The Honorable Diana DeGette, Ranking Member
 Subcommittee on Oversight and Investigations
 The Honorable Marsha Blackburn, Vice Chairman
 The Honorable Michael C. Burgess, Vice Chairman
 Subcommittee on Oversight and Investigations

From: Rosenmarkle, David
To: "david.gibbons@mail.house.gov"; "vicky.decaturo-brodeur@mail.house.gov"
Cc: Cooper, Shelly; Young, Steve (HC); Honemann, Fletcher
Subject: House Committee on Appropriations Professional Development Program
Date: Thursday, February 28, 2013 1:27:14 PM
Attachments: (b) (6) Resume.docx
(b) (6) Resume.pdf
(b) (6) Endorsement Letter.pdf
(b) (6) Resume 2-2013.pdf
(b) (6) Endorsement Letter.pdf
(b) (6) Resume.pdf
(b) (6) Endorsement Letter.pdf
(b) (6) Endorsement Letter.pdf
(b) (6) Resume.docx
(b) (6) endorsement letter.docx
Importance: High

Good afternoon.

The Department of Energy is pleased to submit five nominations for consideration to participate in the House Committee on Appropriations Professional Development Program.

Our nominees are:

- (b) (6)
(b) (6) Program Analyst
- (b) (6)
(b) (6) – Budget Strategy and Forecasting
- (b) (6)
Technology Advisor for (b) (6)
- (b) (6)
Environmental Engineer
- (b) (6)
(b) (6) Operational Research Analyst

Attached please find updated resumes and letters of endorsement from their immediate supervisors. All nominees are available for conversation and questions you may have about their work experiences and their professional goals for this prospective assignment. There is a possibility of an additional nomination, but the prospective nominee has been on business travel all week and, if interested, will provide a resume and letter of endorsement on Monday, March 4, 2013. Please let me know of any questions or if I may be of further assistance.

David Rosenmarkle

David Rosenmarkle
SESCDP Program Manager

Executive Learning and Development
Learning and Development Program Management Division
U.S. Department of Energy
1000 Independence Ave., SW
4E-084
Washington, DC 20585

(202)586-7978 Office
(b) (6) Blackberry
(202)586-9570 Fax





Department of Energy
Washington, DC 20585

March 27, 2012

The Honorable Diane Feinstein
Chairman, Subcommittee on Energy
and Water Development
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Feinstein:

Thank you for your letter of February 29, 2012 in which you highlighted the Senate's FY 2012 Energy and Water Appropriations Bill direction to incorporate consolidated regional storage facilities into the strategy the Administration will prepare following its assessment of the recommendations of the Blue Ribbon Commission on America's Nuclear Future ("Commission").

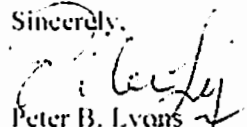
As you know, Secretary Chu directed that a departmental review be undertaken of the Commission's recommendations. This review is organized and underway. The review includes all Department of Energy programs and staff offices that have a stake in finding solutions to the nation's storage and disposal challenges for commercial and defense nuclear materials. As I am leading this review, he asked me to respond to you on his behalf.

We appreciate the merits of, as you suggest, providing proposed legislative and funding changes to the Senate Energy and Water Subcommittee to implement a refreshed strategy for disposition of commercial and defense nuclear materials as soon as possible in order to be given consideration during the FY 2013 appropriations process.

The review will inform and underpin the Secretary's consideration, and that of the Administration, of the range of policy options that must be knitted together into a national disposition strategy. The completion of the Departmental review and the development of the Administration's position on an integrated strategy is targeted for completion by the end of July. This timing conforms to Congress's request that the Administration communicate its strategy within six months of the release of the Commission's report.

As your letter suggests, however, an updated national strategy for the effective disposition of commercial and defense nuclear materials must be accomplished in partnership between the Administration and Congress. We therefore welcome the opportunity to work with you and your Committee in the coming few months to ensure that the outcome of the FY 2013 appropriations reinforces the updated national strategy that will evolve during the spring and summer of this year. If you have any questions, please contact me or Mr. Jeff A. Lane, Office of Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,


Peter B. Lyons
Assistant Secretary
for Nuclear Energy





Department of Energy
Washington, DC 20585

March 30, 2012

Congressman John Garamendi
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Garamendi:

Thank you for your letter of March 6, 2012 to Secretary Chu informing the Department that a group of investors are considering a research partnership with Argonne National Laboratory (Argonne) to complete a conceptual design of a pilot-scale pyroprocessing facility for converting light water reactor spent fuel.

If the researchers are interested in pursuing such an option, they should begin discussions with Argonne, and eventually submit a proposal for consideration. Your letter and its attachment reference two possible options for research cooperation with Argonne, a CRADA and a "Work-For-Others" arrangement. Both options present excellent opportunities to researchers interested in partnering with the National Lab. The researchers should consider which option is the best fit for the structure and demands of their proposed research.

As defined by Argonne, CRADAs are cooperative research and development agreements between Argonne and industrial partners that contribute to the goals of each party. A CRADA may be cost shared between the industrial partners and Argonne or may be 100% funded by the industrial partners. While it is generally the case that companies are able to retain rights to their own inventions made under a CRADA, there are exceptions. Similarly, the rights to intellectual property created by the Laboratory under a CRADA are retained by Argonne. However, the industrial partner does have a right to an option to license Argonne's inventions.

Work-for-Other (WFO) agreements, as defined by Argonne, are a mechanism through which industry can utilize the unique expertise and facilities at Argonne. In this type of arrangement, the industrial sponsor pays 100% of the cost of the work to be performed by Argonne. Under certain conditions, a company may take title to inventions created by Argonne under the WFO. Some key points in such arrangements include product, general and IP indemnification, advance payment requirements and the fact that Argonne may not compete with the private sector for such work.

If the group of investors is interested in learning more about CRADAs or WFO agreements, please have them contact Steven Lake at (630) 252-5685 (for CRADA) or Terrence Maynard at (630) 252-9771 (for WFO) at the Argonne National Laboratory. Thank you for your continued support for nuclear energy.

Sincerely,

A handwritten signature in dark ink, appearing to read "P. Lyons", is placed above the printed name.

Peter B. Lyons
Assistant Secretary
for Nuclear Energy





Department of Energy

Washington, DC 20585

May 2, 2012

The Honorable Fred Upton
Chairman, Committee on Energy
And Commerce
U.S. House of Representatives
Washington, DC 20515

The Honorable John Shimkus
Chairman, Subcommittee on Environment
And the Economy
U.S. House of Representatives
Washington, DC 20515

Dear Chairmen Upton and Shimkus:

Thank you for your March 22, 2012, letter requesting information on the funding resources available to the Department of Energy (DOE) for licensing activities related to the Yucca Mountain Project. Secretary Chu has asked that I respond on his behalf.

First, I would like to emphasize that DOE is committed to meeting its obligation to dispose of used nuclear fuel and high-level waste. At the direction of President Obama, Secretary Chu chartered the Blue Ribbon Commission on America's Nuclear Future to make recommendations about the best approaches to dealing with the challenges of the back end of the nuclear fuel cycle. The Commission's report, released earlier this year, will inform the Administration's work with Congress to define a responsible and achievable path forward to manage our nation's used nuclear fuel and nuclear waste.

The report of the Blue Ribbon Commission on America's Nuclear Future is a critical step toward finding a sustainable approach to disposing used nuclear fuel and nuclear waste. The Commission's report finds that a consent-based approach and a superb safety record can lead to the successful development and operation of a geologic repository for nuclear waste disposal that is fully supported by the local community. As part of the Administration's commitment to restarting the nuclear industry in America, we will work with Congress and stakeholders to pursue better, consent-based alternatives for the disposition of used nuclear materials and wastes.

As of the end of February 2012, \$60.6 million of the funds appropriated to DOE to carry out the requirements of the Nuclear Waste Policy Act (NWPA) remained unexpended. Of this amount, \$42.6 million are obligated against existing contracts and are unavailable to support new obligations. The remaining \$18.0 million is unobligated as of February, 2012. The funds are held in the following accounts:



Funds Available for Obligation to New NWP Activities, February 2012

Nuclear Waste Disposal:	\$ 8.8 million
Defense Nuclear Waste Disposal:	<u>\$ 9.2 million</u>
Total Available:	\$18.0 million

The Department continues to expend funds to carry out ongoing responsibilities under the NWP such as financial oversight of the Nuclear Waste Fund and the ongoing closeout of activities and contracts at the Yucca Mountain Project. The remaining unobligated balances listed above will be used to fund these ongoing requirements and any other activities the Department undertakes consistent with the NWP.

At the end of FY 2010, \$123.1 million remained unexpended of the funds appropriated to the Department of Energy to carry out the requirements of the Nuclear Waste Policy Act. Of this amount, \$10.9 million were held by the Department, \$40.0 million were unobligated, and \$72.2 million were uncostered obligations.

\$50.6 million of these dollars were costed during FY 2011, leaving a total balance of \$72.6 million at the beginning of FY 2012. So far this fiscal year, through February, an additional \$11.8 million has been costed, resulting in the unexpended balance of \$60.6 million described above.

Of the \$62.4 million costed from the beginning of FY 2011 through February 2012, \$19.5 million was for Federal program direction; \$11.8 million was for financial assistance to local governments and communities; \$6.2 million was for contract closeout related to the license application; \$16.2 million was for Yucca Mountain closeout activities, including \$3.1 million for post-closure safety analysis; and \$8.7 million was for various program support activities, including information management and nuclear waste fund audits.

If we can be of further assistance, please feel free to contact me or Mr. Christopher Davis, Deputy Assistant Secretary for House Affairs, at (202) 586-5450.

Sincerely,



Peter B. Lyons
Assistant Secretary
for Nuclear Energy



Department of Energy
Washington, DC 20585

March 8, 2013

The Honorable Rodney P. Frelinghuysen
Chairman
Subcommittee on Energy
and Water Development
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressmen Frelinghuysen:

Thank you for your letter regarding the Department of Energy's (DOE) Small Modular Reactor (SMR) Licensing Technical Support Program. I deeply appreciate the support you and Congressman Viclosky have provided this program since its inception. I know that you share my optimism for this nascent segment of the nuclear industry. This letter responds to concerns raised in your letter.

In November 2012, DOE selected the Generation mPower team led by Babcock & Wilcox as the awardee under a funding opportunity announcement (FOA) in order to support rapid deployment of SMRs, as well as help to establish the regulatory framework for subsequent licensing and deployment of other viable domestic designs. With respect to your concern regarding the planned funding for the mPower project, the decision on the amount of funding that will be allocated to this project has not been finalized.

To increase the pool of available competitive technologies, DOE has decided to develop a second SMR FOA that will focus more attention on innovative technologies to improve safety profiles and further reduce regulatory risk, while still achieving the goals of design certification and near-term deployment. The intention is to make one award from the second SMR FOA, however, multiple awards could be made if more than one application of sufficient merit is received and funding is available. Negotiations with the Generation mPower team are proceeding with the understanding that funding may be shared among the awardees from both FOAs in amounts to be determined through negotiation of the respective cooperative agreements.



I sincerely believe this approach will leave the United States in better stead toward having a robust industry with diverse participants who will ultimately be capable of exporting their technology and expertise around the world. Further, I believe that this approach is consistent with the overall program intent as described in the budget language, as well as consistent with authorities provided in the Energy Reorganization Act of 1974 and the Atomic Energy Act of 1954. With your interest and leadership on this issue, I commit to communicate with you as plans for this program are developed and executed over the next several months and years.

Thank you again for your letter. I hope we can continue to have a productive relationship and dialogue about the priorities and plans for this important energy priority. Please contact Christopher Hanson of the Office of Budget (202-586-3944 or christopher.hanson@hq.doe.gov) with any questions about this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter B. Lyons". The signature is fluid and cursive, with the first name "Peter" and last name "Lyons" clearly distinguishable.

Peter B. Lyons
Assistant Secretary
for Nuclear Energy



Department of Energy

Washington, DC 20585

January 27, 2012

The Honorable Doc Hastings
Chairman
Committee on Natural Resources
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your November 9, 2011 and January 12, 2012, letters expressing your concerns about the Western Area Power Administration's (WAPA's) use of borrowing authority for financing transmission lines, and requesting related documents. The Secretary has asked me to respond. In addition, the Department is sending an initial set of responsive documents with this letter.

The Department is committed to the responsible and efficient use of WAPA's borrowing authority to help build the infrastructure our Nation needs to remain competitive in a global economy. This borrowing authority is key to our efforts to upgrade transmission infrastructure in the Western United States.

The Department has already undertaken steps to ensure WAPA's Transmission Infrastructure Program (TIP) is administered effectively and efficiently. For example, the Department directed, and WAPA has agreed, that:

- WAPA will obtain financing and transactional legal expertise to assist with the negotiation of the TIP deals;
- WAPA will work with Department staff to negotiate the terms of future transactions; and
- WAPA will determine if any of the projects being considered under TIP are more appropriately considered under the third-party finance provision of Section 1222 of the Energy Policy Act of 2005.

Additionally, the Department is working with WAPA to:

- Identify additional worthy transmission projects in the Western Interconnection that could be built with assistance from TIP;
- Re-evaluate WAPA's existing criteria for screening potential TIP projects;
- Improve WAPA's criteria for prioritizing potential TIP projects;
- Increase transparency of the vetting process for potential TIP projects; and
- Improve communications with TIP applicants.



More changes will come. Moreover, the Department is transforming its role in overseeing WAPA's administration of TIP. I am confident that many of the concerns raised in the IG Alert have already been addressed or are in the process of being addressed.

With respect to the Montana-Alberta Tie Ltd. (MATL) project, the Department is encouraged by recent progress. Enbridge, Inc. – a publicly-traded company with over a \$28 billion market capitalization – invested \$70 million in the project and its subsidiaries (Enbridge) have taken over from the previous developer, Tonbridge Power, Inc.

As reported by WAPA, construction on the project was delayed primarily by a Montana State court that found the MATL developers did not have eminent domain authority under Montana law. This resulted in delays in the construction schedule, cost overruns, and disputes between the developers and the contractor. As a result of these disputes and cost overruns, construction stopped in May. At that time, the project was approximately 62 percent complete.

To address these disputes, in May 2011 the Montana legislature enacted legislation effectively overturning the state court decision. On January 11, 2012, a Montana district court upheld the constitutionality of this new law, thereby affirming Enbridge's eminent domain authority. On January 11, 2012, Enbridge reinitiated construction of the MATL transmission line. In addition, NaturEner has issued a Notice to Proceed with construction of the Rim Rock wind farm project, which will connect to the MATL line. The revenue from the wind farm will be used to repay the Treasury loan. Enbridge anticipates that the line will enter into service in 2012.

As a result of the IG Alert's findings and recommendations, the Department is working with WAPA to undertake a number of actions with regard to the MATL project. First and foremost, WAPA and the Department are nearing completion of a formal root-cause analysis on the MATL project. We will use this analysis to develop a corrective action plan to guide future decisions on WAPA's borrowing authority. We welcome the opportunity to present the corrective action plan to you and your staff once we have completed it.

WAPA will not initiate any new loans for TIP projects until the root cause analysis is completed and the corrective action plan for the program is developed and implemented. Additionally, the Department has already created new oversight and monitoring mechanisms for TIP.

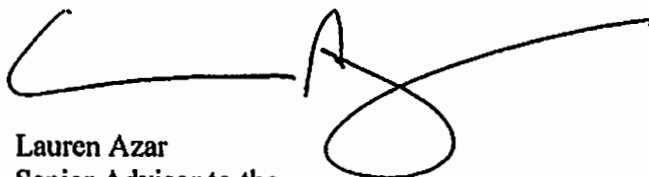
To remain globally competitive, our Nation needs an energy infrastructure befitting the 21st century. WAPA's TIP Program, which administers the borrowing authority Congress granted to WAPA, is critically important to making investments in the transmission infrastructure our Nation needs. The need for this program is evidenced by the private sector's interest in TIP: WAPA received about 200 proposals in response to its initial Request for Interest.

As I have stated, the Department is committed to assuring that this program operates effectively and efficiently. Applying lessons learned and moving forward is a top priority for both the Department and WAPA, and I look forward to working with you to that end.

Also enclosed are documents responsive to the Committee's January 12, 2012 request. We are providing the enclosed documents in their entirety, without redaction. However, some of these documents include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Such information would not be available to persons outside the government, and the potential release of that information could have serious adverse impacts on private entities that have entrusted the Department with sensitive business information. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If we can be of further assistance, please do not hesitate to contact me or Mr. Christopher Davis, Deputy Assistant Secretary for House Affairs, in DOE's Office of Congressional and Intergovernmental Affairs at (202) 586-5450

Sincerely,

A handwritten signature in black ink, appearing to be 'LAZAR', with a large, stylized loop at the end.

Lauren Azar
Senior Advisor to the
Secretary of Energy

Enclosures

cc: The Honorable Edward J. Markey
Ranking Member

The Honorable Tom McClintock
Chairman, Subcommittee on Water and Power

The Honorable Grace F. Napolitano
Ranking Member, Subcommittee on Water and Power



Department of Energy

Washington, DC 20585

March 8, 2012

The Honorable Doc Hastings
Chairman
Committee on Natural Resources
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This letter responds to Section B ("Questions") of your January 12, 2012 letter relating to the Western Area Power Administration's (Western) Transmission Infrastructure Program (TIP) and the Montana Alberta Tie Line project (MATL). Some of the information enclosed includes sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Such information would not be available to persons outside the government, and the potential release of that information could have serious adverse impacts on private entities that have entrusted the Department with sensitive business information. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

Question 16 – Employees Involved in the TIP Program and MATL Project

Please find attached as Exhibits A and B separate lists of the Western and Department of Energy employees who have had a more than *de minimis* involvement in the administration of the TIP program or the MATL project.

Question 17 – Entities Expressing Interest in the TIP Program

Please find attached as Exhibit C a list of entities that have expressed interest regarding the TIP program.

Question 18 – TIP Operating Expenses Going Forward

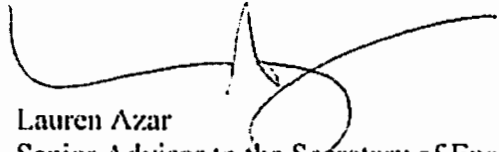
The Department of Energy and Western have analyzed the operating costs for the TIP program in Fiscal Years 2012 through 2015. Exhibit D attached shows expenditures forecasted for each year. Starting in FY 2013, the Department and Western expect that 100% of TIP program operating costs will be met from TIP program revenues.

We are continuing to work through the substantial volume of documents and communications within the scope of your initial request and hope to make our initial production of such documents in the near future. If we can be of further assistance,



please do not hesitate to contact me or Mr. Christopher Davis, Deputy Assistant Secretary for House Affairs, in DOE's Office of Congressional and Intergovernmental Affairs at (202) 586-5450

Sincerely,

A handwritten signature in black ink, appearing to read 'Lauren Azar', with a long horizontal stroke extending to the right.

Lauren Azar
Senior Advisor to the Secretary of Energy

Enclosures

cc: The Honorable Edward J. Markey
Ranking Member

The Honorable Tom McClintock
Chairman, Subcommittee on Water and Power

The Honorable Grace F. Napolitano
Ranking Member, Subcommittee on Water and Power



The Secretary of Energy
Washington, DC 20585
March 12, 2012

The Honorable Dianne Feinstein
Chairman, Subcommittee on Energy
and Water Development
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chairman:

Thank you for your January 23, 2012, letter requesting additional information regarding the Department of Energy's intentions to support the proposed Research, Development, and Demonstration (RD&D) project for the American Centrifuge Project (ACP).

I can assure you the Department remains committed to the goal of developing a secure, domestic capacity to enrich uranium for national security missions. In an effort to meet this goal while protecting the taxpayers, the Department has requested authority from Congress to transfer up to \$150 million in Departmental funds to fund a full scope RD&D project starting in FY 2012 to be carried out by a consortium of partners including USEC Inc. (USEC). For the full scope RD&D project, USEC and its partners will be required to share in the costs of the project and to provide the Department with intellectual property and other rights in the event of a failure to meet the milestones in the project. This plan would allow the U.S. Government to carry out a long-term indigenous enrichment program, with or without private sector participation.

While the Department continues to work with Congress to transfer funds in fiscal year 2012, the Department is working on a procurement whereby it would obtain approximately \$44 million of separative work units (SWU) of enrichment services and compensate USEC for the SWU by accepting title to a portion of USEC's depleted uranium tails that present liabilities worth approximately \$44 million. The Department would take title to, and eventual disposal responsibility for, the depleted uranium tails, provide natural uranium feed to USEC, and in return receive title to an equivalent monetary amount of low enriched uranium (LEU) that can be used to support tritium production. This proposed transaction would enable USEC to spend up to \$44 million to keep manufacturing firms engaged in supplying critical key components and engineering services for the ACP, while allowing the Department to acquire needed domestic-origin LEU for the tritium program. In the event that the full scope RD&D project is not implemented, taxpayers would be protected because the Department would retain the valuable low enriched uranium asset. Under this approach, there would be no intellectual property rights to secure at this time.



The Department remains committed to the national security objective of maintaining a domestic uranium enrichment capacity, and I appreciate the time and energy you and your staff have spent working with us to understand the details and nuances of this issue. I understand my staff has briefed your office on this issue in greater detail, and I am of course happy to discuss it further with you at your convenience. The Department looks forward to working closely with you. If you have any questions, please contact me or Mr. Jeff A. Lane, Office of Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven Chu". The signature is written in a cursive, flowing style.

Steven Chu



The Secretary of Energy
Washington, DC 20585

March 2, 2012

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Upton:

On February 16, 2012, you wrote to me with concerns about the Department's support of Project Amp. I am writing to make clear that my decision to support Project Amp was not related to Solyndra or any other solar panel manufacturers that may eventually supply this project. Quite to the contrary, I support Project Amp because this is precisely the type of unprecedented, game-changing project that Congress established the Department's loan programs to support.

The reason for my interest in Project Amp should be clear: it is the largest rooftop solar undertaking in U.S. history; it is expected to generate enough renewable electricity to power over 88,000 homes; it will support over one thousand jobs across the country; and it has the potential to revolutionize the way rooftop solar is deployed in the United States. Congress directed the Department to support just such projects under the Recovery Act's 1705 loan program.

DOE has not been alone in its support of Project Amp. Through the use of DOE's Financial Institution Partnership Program (FIPP), Project Amp was able to attract private sector support from Bank of America Merrill Lynch, which partnered with DOE to support 20 percent of the risk of the loan. NRG Energy, one of the Nation's largest and most respected electric power companies, has committed to fund (with Prologis) the equity required during the first 18 months of the project.

Bank of America applied as a lender-applicant to DOE in November 2010. Partnering with Prologis as the project sponsor, they proposed a transformational new approach to large-scale deployment of solar panels – to finance the construction of solar generation facilities on unused rooftop space across the country with agreements from investment-grade power companies to purchase the generated energy. At that time, the deployment of rooftop solar was almost exclusively limited to individual businesses or homeowners installing solar panels on their roofs to offset a portion of their electricity usage. Other than Project Amp, the few rooftop solar projects that sell power to utilities are very small,



typically less than a single MW. Project Amp will utilize approximately four square miles of warehouse rooftops owned or managed by Prologis to provide solar-produced electricity to the grid on a commercial scale for the first time ever – and it will occur within population centers and with no environmental impact. This first commercial scale deployment of rooftop solar could potentially revolutionize the industry, making commercial solar generation in urban and suburban areas a reality.

While Solyndra was an early partner with Prologis and was a potential panel supplier for a small initial phase of Project Amp, DOE was not involved in Prologis' decision to purchase panels from Solyndra. Moreover, this arrangement ultimately was intended to represent only approximately 15MW of the 733 MW of Project Amp and was contemplated long before the Project Amp application was submitted to DOE. Similarly, the Department's interest in Project Amp was not in any way diminished when Solyndra filed for bankruptcy and Prologis decided not to use Solyndra panels for the first phase of the project. Once Prologis notified DOE of its proposed change, the Department lent Prologis its full support, bringing the new information to DOE's Credit Review Board expeditiously, and the Board confirmed its recommendation to support the Project. The sole purpose of this effort was to ensure that this revolutionary, job-creating project would be able to close before the September 30 statutory deadline under the Recovery Act.

As with all of the loan proposals that I have reviewed, the decision to grant Project Amp a loan guarantee was made on the merits, after careful review by our program experts in order to fulfill the objectives set forth by Congress and maximize protections for the taxpayer.

In addition to this response, DOE is working to respond to your request for documents on this subject. If you have any questions regarding this matter, please contact Mr. Jeff Lane, Assistant Secretary for Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven Chu", written in a cursive style.

Steven Chu

cc: The Honorable Henry A. Waxman
Ranking Member, Committee on Energy and Commerce

The Honorable Cliff Stearns
Chairman, Subcommittee on Oversight and Investigations

The Honorable Diana DeGette
Ranking Member, Subcommittee on Oversight and Investigations



Department of Energy
Washington, DC 20585

June 4, 2012

The Honorable Doc Hastings
Chairman
Committee on Natural Resources
U.S. House of Representatives
Washington, DC 20515

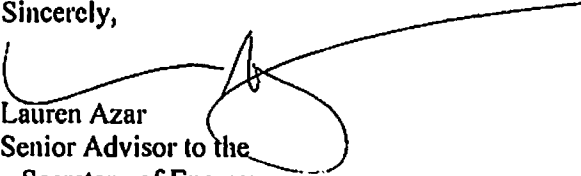
Dear Mr. Chairman:

Enclosed herewith is the fourth set of documents responsive to your January 12, 2011 and March 20, 2012 requests relating the Western Area Power Administration's Transmission Infrastructure Program (TIP) and the Montana Alberta Tie Line project.

Some of the information enclosed includes sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. Such information would not be available to persons outside the government, and the potential release of that information could have serious adverse impacts on private entities that have entrusted the Department with sensitive business information. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof.

We continue to search for and anticipate producing additional responsive documents. If we can be of further assistance, please do not hesitate to contact me or Mr. Christopher Davis, Deputy Assistant Secretary for House Affairs, in the Department's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,


Lauren Azar
Senior Advisor to the
Secretary of Energy

Enclosures

cc: The Honorable Edward J. Markey
Ranking Member

The Honorable Tom McClintock
Chairman, Subcommittee on Water and Power

The Honorable Grace F. Napolitano
Ranking Member, Subcommittee on Water and Power





Department of Energy
Washington, DC 20585

July 13, 2012

The Honorable Darrell E. Issa
Chairman
House Committee on Oversight
And Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your April 10, 2012, and April 30, 2012, letters requesting information related to Department of Energy-funded overnight conferences held outside of the Washington, DC-area since January 1, 2005, and the federal employees who planned and attended them. You have also inquired whether the Department uses entities to select sites for overnight conferences, including a firm named Location Solvers.

We requested all Department of Energy offices to provide the information requested in your letters, as appropriate, and we are providing in the enclosures to this letter information responsive to your requests. In addition, we performed a Department-wide search for individuals employed full-time in Event Planning as established by Office of Personnel Management employment series (1667 and 301). We did not identify any Department employees in these series who are employed full-time in Event Planning. Finally, we searched our procurement database for entities providing services to the Department to locate venues for overnight conferences. We found four prime contracts with event-planning firms, but no contract with Location Solvers.

If we can be of further assistance, please do not hesitate to contact me or Christopher Davis, Deputy Assistant Secretary for Congressional Affairs, in the Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, reading "Ingrid Kolb", is written over a horizontal line.

Ingrid Kolb
Director
Office of Management

Enclosures

cc: The Honorable Elijah Cummings, Ranking Member





Department of Energy
Washington, DC 20585

July 13, 2012

The Honorable Darrell E. Issa
Chairman
House Committee on Oversight
And Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your April 10, 2012, and April 30, 2012, letters requesting information related to Department of Energy-funded overnight conferences held outside of the Washington, DC-area since January 1, 2005, and the federal employees who planned and attended them. You have also inquired whether the Department uses entities to select sites for overnight conferences, including a firm named Location Solvers.

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If we can be of further assistance, please do not hesitate to contact me or Christopher Davis, Deputy Assistant Secretary for Congressional Affairs, in the Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,

A handwritten signature in black ink, which appears to read "Ingrid Kolb", is written over a horizontal line.

Ingrid Kolb
Director
Office of Management

Enclosures

cc: The Honorable Elijah Cummings, Ranking Member





Department of Energy
Washington, DC 20585

The Honorable Charles Boustany, Jr., MD
Chairman, Subcommittee on Oversight
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515-1807

Dear Chairman Boustany:

Thank you for your May 2, 2012, letter to the Secretary of Energy, regarding the Department of Energy's (DOE) use of the Energy Efficient Commercial Buildings Deduction created by the Energy Policy Act of 2005, as part of your Subcommittee's review of how Departments are directing allocation of these deductions.

We requested all DOE contracting offices to provide the information requested in your letter, as applicable. We received negative responses from all except for a single report regarding the National Renewable Energy Laboratory Research Facility I, located in Golden, Colorado. That response is forwarded herewith as an enclosure.

If you should have any further questions regarding this matter, please contact Kathy Peery, Office of Congressional and Intergovernmental Affairs, at (202) 586-2794.

Sincerely,

A handwritten signature in black ink, appearing to read "Ingrid Kolb", is written over the typed name.

Ingrid Kolb
Director
Office of Management

Enclosure

cc:
The Honorable John Lewis
Ranking Member





Department of Energy
Washington, DC 20585

May 1, 2013

The Honorable Claire McCaskill
Chairman
Subcommittee on Financial and
Contracting Oversight
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

This is in response to your March 11, 2013, letter to the Secretary of Energy regarding how the Department of Energy manages Freedom of Information Act (FOIA) requests.

We have reviewed the nine questions and are providing answers to each. The answers are enclosed for your convenience.

I appreciate the opportunity to assist you with this matter. If you have any questions, please contact Lillian V. Owen, Office of Congressional and Intergovernmental Affairs, at (202) 586-2031.

Sincerely,

A handwritten signature in black ink, reading "Ingrid Kolb", is written over a horizontal line.

Ingrid Kolb
Chief FOIA Officer
Director
Office of Management

Enclosure

cc: The Honorable Ron Johnson
Ranking Member





Department of Energy
National Nuclear Security Administration
 Washington, DC 20585

March 8, 2012

OFFICE OF THE ADMINISTRATOR

The Honorable Jeff Bingaman
 Chairman
 Committee on Energy and Natural Resources
 United States Senate
 Washington, DC 20510

Dear Mr. Chairman:

Thank you for your February 24, 2012, letter to Secretary Chu regarding the Los Alamos National Laboratory (LANL). Like you, I am committed to the current and future excellence of LANL. In the face of current budget constraints, I have worked hard to ensure that LANL will continue to play a leading role in applying its scientific and technological capabilities to ensure the safety, security, and reliability of the U.S. nuclear deterrent and to reduce global threats. The laboratory's programs are also helping to cultivate the next generation of unmatched scientific expertise that will tackle our newly emerging national security challenges.

While the decision to defer construction of the Chemistry and Metallurgy Research Replacement (CMRR) Nuclear Facility (NF) for at least five years is consistent with the fiscal reality required by the Budget Control Act, it is not an indication that the National Nuclear Security Administration (NNSA) is abandoning efforts to modernize LANL or any of the other NNSA Nuclear Security Enterprise sites. Deferral of construction of the CMRR-NF requires NNSA to adjust its plutonium strategy by optimizing the use of existing infrastructure at Los Alamos and other sites to provide the capabilities originally planned for the CMRR-NF. Modernization of infrastructure at the laboratory continues with investments through the Readiness in Technical Base and Facilities (RTBF) Program, including several line item construction projects: the Transuranic (TRU) Waste Facility Project, the Radioactive Liquid Waste Treatment Facility (RLWTF) and the TA-55 Reinvestment Project.

I am happy to meet with you to discuss these issues in further detail. I am directing my scheduler to contact your office regarding a meeting date this month.

Sincerely,

Thomas P. D'Agostino
 Administrator

cc: The Honorable Lisa Murkowski, Ranking Member
 D.L. Cook, Deputy Administrator for Defense Program



Printed with soy ink on recycled paper



Department of Energy
National Nuclear Security Administration
Washington DC 20585

July 2, 2012

OFFICE OF THE ADMINISTRATOR

The Honorable Howard P. "Buck" McKeon
Chairman, Committee on Armed Services
House of Representatives
Washington, DC 20515

The Honorable Michael R. Turner
Chairman, Subcommittee on Strategic Forces
House of Representatives
Washington, DC 20515

Dear Messrs. McKeon and Turner:

Your May 18, 2012, letter to President Obama expressed concerns about the Administration's objections to H.R. 4310, the National Defense Authorization Act for fiscal year 2013. The Department of Energy, including the National Nuclear Security Administration (NNSA), would like to take this opportunity to share with you our plans to address concerns about governance of the National Security Complex through administrative measures that improve efficiency of operations while maintaining high standards of safety and security.

The Statement of Administration Policy expressed serious concerns with H.R. 4310. That said, the Department shares the Committee's commitment to enhancing the efficiency of government oversight while ensuring that critical nuclear security activities are conducted in a safe and secure environment. Moreover, the Department takes very seriously the recommendations of the National Academy of Sciences regarding safety and security. Led by Secretary Chu, a former lab director, the Department is working actively to increase the efficiency of our oversight and to improve our approach to working with our partners. We believe that our ongoing efforts will be more effective at addressing those issues than prescriptive legislation.

The Department, including the NNSA, is committed to maintaining and improving safety and security standards while improving efficiency. Attached is a description of steps that the Department has recently taken and plans to take to achieve these goals.

I hope this information is helpful to you.

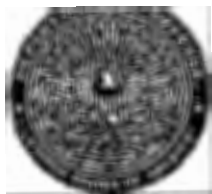
Sincerely,


Thomas P. D'Agostino

Enclosure



Printed with soy ink on recycled paper



April 8, 2013

Exec-2012-008819

The Honorable Howard P. "Buck" McKeon
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your letter dated October 1, 2012, in response to the Department of Energy's (DOE) notice to the Committee on Armed Services of the proposed \$120 million reprogramming of funds from the Chemistry and Metallurgy Research Replacement (CMRR) - Nuclear Facility (NF) Project (04-D-125) to maintain and strengthen needed plutonium capabilities at the Los Alamos National Laboratory (LANL).

We understand the Committee's concerns about our plutonium strategy and supporting infrastructure. Enduring plutonium capabilities are needed to (1) support future warhead life extension programs (LEPs), and (2) provide some ability to respond to technical failure in the stockpile or geopolitical reversals. Our long-term requirement for pit manufacturing is to produce 50-80 newly manufactured pits per year. We have a resourced plan to grow capacity to 30 pits per year by 2021, provided that capabilities for analytical chemistry, materials characterization and associated quality control processes in support of pit production are sustained. The National Nuclear Security Administration (NNSA)-developed approach plan to provide plutonium support capabilities and support planned production requirements using existing infrastructure includes pit reuse supplemented by a capability to manufacture existing insensitive high explosive pit designs at a rate of 30 per year by 2021. The \$120 million reprogramming request is critical to achieving this interim capability while avoiding greater risks to the stockpile. We seek your support.

The NNSA decision to defer CMRR-NF, a facility that would support higher pit production levels, by at least five years was driven by budget realities and the fact that higher production rates would not be needed until 2030. Deferral frees up funds to place the UPF construction project at Y-12 on a more optimal funding profile, resulting in reduced life cycle cost and reduced risk to ongoing highly enriched uranium operations at antiquated existing facilities. At the same time, it provides flexibility to advance critical warhead LEPs for the W76-1, the B61-12 bomb, and the W78/88-1 interoperable warhead.

A deferral of CMRR-NF provides an opportunity to reassess the future of plutonium activities at Los Alamos. Because the acquisition timeline for CMRR-NF now overlaps the timeline to recapitalize the PF-4 facility, which is also aging, NNSA is exploring an integrated approach to moving forward on the suite of support capabilities planned for CMRR-NF and to manage long-term pit manufacture. The enclosed paper answers your questions and lays out the basic elements of the NNSA's plutonium strategy including plans to explore a modular concept

to move the higher operational risk capabilities in PF-4 into modern, modular underground space adjacent to PF-4.

We request that you approve the reprogramming of the \$120 million required to make progress on the critical-path items listed in the attachment. Over the next two months the NNSA will work with the Nuclear Weapons Council and DoD's CAPE organization to conduct a comparative analysis to further flesh out the modular acquisition of CMR-replacement capabilities. This analysis will address the risks and benefits, pros and cons, and seek initial insights into the cost and schedule of modular acquisition. We commit to providing a report on this comparative analysis and a preliminary plan for the plutonium strategy within two months of reprogramming approval.

We will expedite, through the reprogrammed funds as requested, the implementation of capabilities for plutonium pit manufacturing and qualification that are required in all strategies under consideration. As further work on alternative plutonium capabilities is completed over the spring and summer, we expect to be able to provide a more detailed business case analysis for consideration of future funding requirements not later than November 2013.

We understand the Committee's concerns for further information. As the business case analysis proceeds, we will develop complete answers to the questions you pose in your letter. Our joint work will inform the Stockpile Stewardship and Management Plan and the DoD/DOE Section 1043 Report, both of which will be submitted after the President's FY 2014 budget request is released.

We remain committed to a modern responsive nuclear weapons infrastructure and to a plutonium strategy that will help to ensure that we can achieve the President's goal of a safe, secure, and effective nuclear deterrent for as long as nuclear weapons are needed.



Frank Kendall
Chairman, Nuclear Weapons Council
Under Secretary of Defense for
Acquisition, Technology and Logistics
Department of Defense



Neile L. Miller
Member, Nuclear Weapons Council
Acting Under Secretary for
Nuclear Security
Department of Energy



Department of Energy
National Nuclear Security Administration
 Washington, DC 20585

January 29, 2013

The Honorable Mike Rogers
 Chairman
 Subcommittee on Strategic Forces
 Committee on Armed Services
 U.S. House of Representatives
 Washington, D.C. 20515

Dear Mr. Chairman:

This response transmits a document requested by Chairman Michael Turner's December 20, 2012 request related to the National Nuclear Security Administration's Y-12 National Security Complex.

Included is a draft version of the Y-12 Special Review Team report. When considering the contents of this document, please take into account that it is a predecisional draft and does not represent a final agency position on the matter. The final and approved result of the Special Review Team effort is the "Y-12 Special Review Team: Synopsis of Issues Found at Y-12," which previously has been provided to the Committee.

In addition, the enclosed report contains information designated as Official Use Only that may be protected from disclosure pursuant to Exemptions 5 and 7 of the Freedom of Information Act, 5 U.S.C. 552. Exemption 5 incorporates the deliberative process privilege which protects recommendations, advice, and opinions that are part of the process by which agency decisions and policies are formulated. Exemption 7 protects records or information compiled for law enforcement purposes, the release of which could reasonably be expected to interfere with enforcement proceedings. Exemption 7 also protects techniques and procedures for law enforcement investigations or prosecutions, the disclosure of which could reasonably be expected to risk circumvention of the law.

As such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing these documents or any portion thereof. If you have any questions regarding this matter, please feel free to call me at (202) 586-5450.

Sincerely,

Frank Lowery
 Deputy Associate Administrator
 Defense Nuclear Security

Enclosure

cc: The Honorable Loretta Sanchez, Ranking Member





Department of Energy
National Nuclear Security Administration
Washington DC 20585

April 22, 2013

OFFICE OF THE ADMINISTRATOR

The Honorable Michael D. Rogers
Chairman
Subcommittee on Strategic Forces
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your inquiry dated January 24, 2013, in which you requested information on the National Nuclear Security Administration's (NNSA) procedures for delivering classified documents to Congress. I appreciate the opportunity to address your concerns.

Laboratory directors and plant managers are required to submit classified documents for Congress first to NNSA because the safeguarding of classified information and the granting of access to classified information are the direct responsibility of the Federal Government. These responsibilities are mandated in Executive Order 12958 ("Classified National Security Information") and Executive Order 12968 ("Access to Classified Information").

Executive Order 12958 states, "Classified information shall remain under the control of the originating agency or its successor in function." Executive Order 12968 states, "Agency heads shall be responsible for establishing and maintaining an effective program to ensure that access to classified information by employees is clearly consistent with the interest of the national security."

Thus, in this instance, the NNSA is charged with the responsibility of safeguarding and the granting of access to classified documents, not the Management & Operation (M&O) partners at the NNSA's laboratories and plants. This is reflected in NNSA's contracts in the Department of Energy Acquisition Regulation (DEAR) clause 952.204-2, "Security". This clause states "DOE's security authority is derived from the Atomic Energy Act which contains requirements not found with other agencies authorities. Therefore, the responsibility to control and safeguard classified information is held with the agency."

Regarding the January 15 briefing you received from Dr. Paul Hommert on the B61 Life Extension Program, there was a processing error by Sandia National Laboratories (SNL) with the NNSA correspondence center and Congressional Affairs staff. These errors may



be easily avoided in the future with proper notice and utilization of the current communications channels. The NNSA Congressional Affairs team has discussed this directly with SNL government affairs. I have also been informed NNSA Congressional Affairs has explained why this incident happened to your committee staff. It is my expectation that you will not experience this problem again.

I want to assure you the Department of Energy (DOE) and the NNSA adhere to a specified protocol for providing classified laboratory communications to Congress on behalf of senior managers and directors. The NNSA is in full compliance with the law and supports ensuring full transparency to Congress, between NNSA's laboratories and plants and Members of Congress.

I hope this information is helpful to you. If you need further assistance, please contact Mr. Clarence T. Bishop, Associate Administrator for External Affairs, at (202) 586-7332.

Sincerely,

A handwritten signature in black ink, appearing to read "Neile L. Miller". The signature is fluid and cursive, with the first name "Neile" being the most prominent part.

Neile L. Miller
Acting Administrator



Department of Energy

Washington, DC 20585

NOV - 5 2013

Re: Freedom of Information Act Request HQ-2013-00913-F

This is the Office of Inspector General (OIG) response to the request for information that you sent to the Department of Energy (DOE) under the Freedom of Information Act (FOIA), 5 U.S.C. § 552. You asked for a "copy of each written response or letter from the DOE to a Congressional Committee (not a congressional office)(or Committee Chair) in calendar years 2012 and 2013 to date."

On May 22, 2013, in a conversation with Ms. Christine Jordan of the Office of Information Resources, you clarified and amended your request to accept DOE responses to inquiries from Congressional Committee Chairperson, as well as, Sub-committee Chairperson, and to accept all the responsive documents without the attachments.

The OIG has completed the search and review of its files for documents responsive to your request. The search identified 11 documents responsive to your request. A review of the responsive documents and a determination concerning their release has been made pursuant to the FOIA, 5 U.S.C. § 552.

The enclosed documents are released in their entirety.

Sincerely,

A handwritten signature in cursive script, reading "Linda J. Snider", is positioned above the printed name.

Linda J. Snider
Deputy Inspector General
for Management and Administration
Office of Inspector General

Enclosures



Document Number 1



Department of Energy

Washington, DC 20585

January 20, 2012

RELEASE

The Honorable Paul Broun
Chairman
Subcommittee on Investigations and Oversight
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In accordance with your request dated January 17, 2012, this letter serves to advise that 55 copies of my written testimony, including a short biographical summary, to be presented at the hearing on Tuesday, January 24, 2012, entitled "A Review of the Advanced Research Projects Agency – Energy" have been delivered to the Subcommittee office. In addition, as requested, enclosed is a signed copy of the completed Truth-in-Testimony Disclosure Form. Separately, in accordance with your request, an electronic copy of my written testimony has also been provided to Mr. John Serrano of the Subcommittee.

Sincerely,

Gregory H. Friedman
Inspector General

Enclosure





Department of Energy

Washington, DC 20585

February 21, 2012

The Honorable Paul Broun
Chairman
Subcommittee on Investigations and Oversight
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Broun:

This is in response to your letter dated February 10, 2012, concerning the Subcommittee on Investigations and Oversight's January 24, 2012, hearing entitled "A Review of the Advanced Research Projects Agency - Energy." Enclosed are answers to the Questions for the Record posed in your letter. Additionally, as requested, our suggested edits to the hearing transcript have been provided electronically to Mr. John Serrano of the Subcommittee's staff.

Please do not hesitate to contact me if I may be of further assistance.

Sincerely,

A handwritten signature in black ink, which appears to read "Greg Friedman", is written over a horizontal line.

Gregory H. Friedman
Inspector General

Enclosure





Department of Energy
Washington, DC 20585

March 12, 2013

The Honorable Paul Broun, M.D.
Chairman
Subcommittee on Oversight
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In accordance with your request dated February 26, 2013, this letter serves to advise that 45 copies of my written testimony to be presented at the hearing on Thursday, March 14, 2013, entitled, "Top Challenges for Science Agencies: Reports from the Inspectors General – Part 2" have been delivered to the Subcommittee office. Also, 45 copies of my biography have been provided as well as the original and 2 copies of my "Truth in Testimony" Disclosure Form.

Separately, in accordance with your request, an electronic copy of my written testimony and biography has also been provided to the Legislative Clerk of the Subcommittee.

Please let me know if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, which appears to read "Greg Friedman". The signature is fluid and cursive, with a large initial "G".

Gregory H. Friedman
Inspector General



Department of Energy

Washington, DC 20585

April 18, 2013

The Honorable Paul Broun, M.D.
Chairman
Subcommittee on Oversight
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515-6301

Dear Mr. Chairman:

This is in response to your letter, dated April 5, 2013, concerning the Subcommittee on Oversight's March 14, 2013, hearing entitled, "*Top Challenges for Science Agencies: Reports from the Inspectors General – Part 2.*" Enclosed are our answers to the Questions for the Record posed in the enclosure to your letter (Enclosure 1), and proposed corrections to the transcript (Enclosure 2).

Please do not hesitate to contact me if I may be of further assistance.

Sincerely,

A handwritten signature in black ink, which appears to read "Greg Friedman", is written over a horizontal line.

Gregory H. Friedman
Inspector General

Enclosures

Document Number 2



Department of Energy
Washington, DC 20585

April 16, 2012



The Honorable Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In accordance with your request dated April 12, 2012, this letter serves to advise that 50 copies of my written testimony, including a one-page summary, to be presented at the hearing on Wednesday, April 18, 2012, entitled "Budget and Spending Concerns at DOE" have been delivered to the Subcommittee office. Separately, in accordance with your request, an electronic copy of my written testimony has also been provided to the Legislative Clerk of the Subcommittee.

Sincerely,

A handwritten signature in cursive script, reading "Greg Friedman".

Gregory H. Friedman
Inspector General



Department of Energy
Washington, DC 20585

September 10, 2012

The Honorable Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In accordance with your request dated August 7, 2012, this letter serves to advise that 35 copies of my written testimony, including a one-page summary, to be presented at the hearing on Wednesday, September 12, 2012, entitled "DOE's Nuclear Weapons Complex: Challenges to Safety, Security, and Taxpayer Stewardship" have been delivered to the Subcommittee office. Separately, in accordance with your request, an electronic copy of my written testimony has also been provided to the Legislative Clerk of the Subcommittee.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", is written over a horizontal line.

Gregory H. Friedman
Inspector General



Department of Energy
Washington, DC 20585

October 31, 2012

The Honorable Cliff Stearns
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515-6115

Dear Mr. Chairman:

In accordance with your request, dated October 17, 2012, please find the enclosed responses to the questions submitted for the record by Members of the Subcommittee regarding the hearing entitled, "*DOE's Nuclear Weapons Complex: Challenges to Safety, Security, and Taxpayer Stewardship*," held on September 12, 2012.

If you have any further questions, please contact me at 202-586-4393.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman".

Gregory H. Friedman
Inspector General

Enclosure

Document Number 3



Department of Energy
Washington, DC 20585

RELEASE

April 26, 2012

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government
Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Issa:

Pursuant to your letter dated April 5, 2012, my office is providing information related to recommendations issued to the Department of Energy by the Office of Inspector General (OIG). Since Fiscal Year 2002, my office has issued reports that included more than 3,800 recommendations for corrective action. As of March 31, 2012, 308 of those recommendations remain open.

Specific to your request, enclosed are additional statistics relating to OIG recommendations. Also enclosed are summaries of three reports with open recommendations that, in our judgment, are among the more significant that currently remain unimplemented by the Department.

As discussed in previous letters to the Committee on this subject, the Office of the Chief Financial Officer is the Department's designated audit follow-up official and maintains the agency's audit follow-up system, known as the Departmental Audit Report Tracking System. The Office of the Chief Financial Officer works with the responsible program and administrative elements to ensure that audit recommendations and corrective actions are appropriately tracked.

I hope that this data is helpful to you and the Committee.

Sincerely,

Gregory H. Friedman
Inspector General

Enclosure

cc: The Honorable Elijah Cummings, Ranking Member





Department of Energy

Washington, DC 20585

21 August 2012

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government
Reform
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Issa:

This is in response to your August 3, 2012, letter regarding seven-day letters and the reporting of serious or flagrant problems to Congress. Specifically, you asked for responses to the following questions:

1. Since January 1, 2009, have you issued any seven-day letters? If yes, please describe the matters involved.

IG response: We have not issued any seven-day letters since January 1, 2009.

2. Since January 1, 2009, have there been any serious or flagrant problems at your agency that were not reported to Congress? If yes, please describe the matters and explain why Congress was not informed.

IG response: No, such issues either have been or will be reported to Congress using the mechanisms described below.

3. Please explain what you and your staff understand section 4(a)(5) of the IG Act to require.

IG response: We understand that section 4(a)(5) of the IG Act requires each Inspector General to keep the head of its agency, and the Congress, fully and currently informed, by means of Semiannual reports and otherwise, concerning fraud and other serious problems, abuses, and deficiencies relating to the administration of programs and operations administered or financed by the agency, to recommend corrective action concerning such problems, abuses, and deficiencies, and to report on the progress made in implementing such corrective action. In addition to issuing Semiannual reports, the Office of Inspector General (OIG), as part of our efforts to keep Congress fully and currently informed, issues an "Early Alert" via email to numerous Members of Congress and their staffs to apprise them of new OIG reports; conducts frequent briefings on matters of



interest to Congressional staffers; testifies regularly at Congressional hearings on topical matters, including findings concerning serious or flagrant issues; and is in regular communication with Congress on key issues through letters, emails, and telephone calls.

Please do not hesitate to contact me if I may be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", written in a cursive style.

Gregory H. Friedman
Inspector General

cc: The Honorable Elijah E. Cummings, Ranking Minority Member



Department of Energy
Washington, DC 20585

May 1, 2013

The Honorable Darrell E. Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

The *Government Auditing Standards*, issued by the Comptroller General of the United States, prescribe that all audit organizations must have an external peer review performed by an independent organization once every 3 years. Earlier this year, the Treasury Inspector General for Tax Administration (TIGTA) conducted the required peer review of my Office of Audits. It is our responsibility, under the *Government Auditing Standards*, to circulate the results of the peer review to the responsible agency head and to the members of Congress.

Enclosed for your information is a copy of the recently completed peer review. I am pleased to report that TIGTA found that the system of quality control for the audit organization had been designed in accordance with professional standards and that it provided reasonable assurance that those standards were adhered to in all material respects.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", is written over the typed name.

Gregory H. Friedman
Inspector General

Enclosure

cc: The Honorable Elijah Cummings
Ranking Member



Department of Energy
Washington, DC 20585

May 1, 2013


The Honorable Thomas R. Carper
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

The *Government Auditing Standards*, issued by the Comptroller General of the United States, prescribe that all audit organizations must have an external peer review performed by an independent organization once every 3 years. Earlier this year, the Treasury Inspector General for Tax Administration (TIGTA) conducted the required peer review of my Office of Audits. It is our responsibility, under the *Government Auditing Standards*, to circulate the results of the peer review to the responsible agency head and to the members of Congress.

Enclosed for your information is a copy of the recently completed peer review. I am pleased to report that TIGTA found that the system of quality control for the audit organization had been designed in accordance with professional standards and that it provided reasonable assurance that those standards were adhered to in all material respects.

Sincerely,


Gregory H. Friedman
Inspector General

Enclosure

cc: The Honorable Tom Coburn
Ranking Member

Document Number 4



Department of Energy
Washington, DC 20585

July 24, 2012



The Honorable Andy Harris
Chairman
Subcommittee on Energy and Environment
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In accordance with your request dated July 9, 2012, this letter serves to advise that 55 copies of my written testimony, including a one-page summary, to be presented at the hearing on Thursday, July 26, 2012, on the Department of Energy's Vehicle Technologies Program, have been delivered to the Subcommittee office. Separately, in accordance with your request, an electronic copy of my written testimony has also been provided to the Legislative Clerk of the Subcommittee.

Sincerely,

A handwritten signature in black ink, appearing to read "Rickey R. Hass". The signature is stylized with a large, sweeping initial "R" and a long, horizontal stroke at the end.

Rickey R. Hass
Inspector General



Department of Energy

Washington, DC 20585

August 28, 2012

The Honorable Andy Harris
Chairman
Subcommittee on Energy and Environment
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In accordance with your request dated August 16, 2012, please find the attached responses to the questions submitted for the record by Members of the Committee regarding the hearing on July 26, 2012, entitled *Review of DOE Vehicle Technologies Program Management and Activities: Assuring Appropriate and Effective Use of Taxpayer Funding*. In addition, we are also submitting a list of transcript edits.

If you have any further questions please contact me at (202) 586-1949.

Sincerely,

A handwritten signature in black ink, appearing to read "Rickey Hass", is written over a horizontal line.

Rickey R. Hass
Deputy Inspector General
for Audits and Inspections
Office of Inspector General

Enclosures



Printed with soy ink on recycled paper

Document Number 5



Department of Energy
Washington, DC 20585

RELEASE

November 2, 2012

The Honorable Sam Graves
Chairman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Graves:

In accordance with Section 5143(c) of the National Defense Authorization Act of 2012, this letter transmits the report of the U.S. Department of Energy, Office of Inspector General, and includes requested data and information for Fiscal Year (FY) 2012.

<u>Section 5143(c)(1), SBIR/STTR cases opened</u>	3 ¹
Total cases open as of September 30, 2012	11

<u>Section 5143(c)(2), actions taken on SBIR/STTR cases²</u>	
Total accepted for civil or criminal prosecution:	5
Convictions or civil judgments obtained:	0
Prosecution requests denied:	0
Suspensions:	0
Debarments:	0
Award Terminations:	0
Other administrative actions:	0

Section 5143(c)(3), justification for no action taken

During FY 2012, none of the cases were closed.

¹ We note that the text of Section 5143(c)(1) refers to the "number of cases referred" to our office. Because some of our cases are self-initiated and arise from our own proactive efforts, limiting our response to cases referred to our office will not provide accurate information regarding our efforts in this area. Therefore, in order to provide complete and accurate information, we are reporting the total number of SBIR/STTR cases opened during this reporting period. If any of the reported case openings resulted from a referral to our office, that subset is identified parenthetically beside the number of cases opened. Because subjects of SBIR investigations often receive funds from numerous agencies, such investigations often involve joint efforts with other OIGs. Consequently, the data that we have reported above may also be reflected in reports from other OIGs.

² SBIR cases involve protracted investigations; final action rarely occurs in the year a case is opened. We report actions taken on such cases this FY, regardless of year a case was opened. Further, because section 5143(c)(2) calls for information pertaining to cases in which fraud, waste, or abuse, was found to have occurred, we do not report cases administratively closed in the FY (e.g., cases closed as a result of insufficient evidence).

Section 5143(c)(4), accounting for funds

Estimated OIG salaries

\$169,650

Funds recovered

\$0

In addition to the data specifically called for in Section 5143 (c), I wanted to alert you to the fact that we have completed non-criminal reviews of aspects of the Department's SBIR Program. Further, a review of this program is currently in process.

If you have any questions concerning this response, please contact me at (202) 586-4393.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", with a stylized flourish at the end.

Gregory H. Friedman
Inspector General

cc: U.S. Senate, Committee on Small Business
and Entrepreneurship

U.S. House of Representatives, Committee on Science, Space,
and Technology



Department of Energy
Washington, DC 20585

November 2, 2012

The Honorable Ralph M. Hall
Chairman
Committee on Science, Space,
and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Hall:

In accordance with Section 5143(c) of the National Defense Authorization Act of 2012, this letter transmits the report of the U.S. Department of Energy (Department), Office of Inspector General, and includes requested data and information for Fiscal Year (FY) 2012.

<u>Section 5143(c)(1), SBIR/STTR cases opened</u>	3 ¹
Total cases open as of September 30, 2012	11

<u>Section 5143(c)(2), actions taken on SBIR/STTR cases²</u>	
Total accepted for civil or criminal prosecution:	5
Convictions or civil judgments obtained:	0
Prosecution requests denied:	0
Suspensions:	0
Debarments:	0
Award Terminations:	0
Other administrative actions:	0

Section 5143(c)(3), justification for no action taken

During FY 2012, none of the cases were closed.

¹ We note that the text of Section 5143(c)(1) refers to the "number of cases referred" to our office. Because some of our cases are self-initiated and arise from our own proactive efforts, limiting our response to cases referred to our office will not provide accurate information regarding our efforts in this area. Therefore, in order to provide complete and accurate information, we are reporting the total number of SBIR/STTR cases opened during this reporting period. If any of the reported case openings resulted from a referral to our office, that subset is identified parenthetically beside the number of cases opened. Because subjects of SBIR investigations often receive funds from numerous agencies, such investigations often involve joint efforts with other OIGs. Consequently, the data that we have reported above may also be reflected in reports from other OIGs.

² SBIR cases involve protracted investigations; final action rarely occurs in the year a case is opened. We report actions taken on such cases this FY, regardless of year a case was opened. Further, because section 5143(c)(2) calls for information pertaining to cases in which fraud, waste, or abuse, was found to have occurred, we do not report cases administratively closed in the FY (e.g., cases closed as a result of insufficient evidence).

Section 5143(c)(4), accounting for funds

Estimated OIG salaries

\$169,650

Funds recovered

\$0

In addition to the data specifically called for in Section 5143 (c), I wanted to alert you to the fact that we have completed non-criminal reviews of aspects of the Department's SBIR Program. Further, a review of this program is currently in process.

If you have any questions concerning this response, please contact me at (202) 586-4393.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", with a stylized flourish at the end.

Gregory H. Friedman
Inspector General

cc: U.S. House of Representatives, Committee
on Small Business
U.S. Senate, Committee on Small Business
and Entrepreneurship



Department of Energy
Washington, DC 20585

November 2, 2012

The Honorable Mary L. Landrieu
Chairwoman
Committee on Small Business
and Entrepreneurship
United States Senate
Washington, DC 20510

Dear Chairwoman Landrieu:

In accordance with Section 5143(c) of the National Defense Authorization Act of 2012, this letter transmits the report of the U.S. Department of Energy, Office of Inspector General, and includes requested data and information for Fiscal Year (FY) 2012.

<u>Section 5143(c)(1), SBIR/STTR cases opened</u>	3 ¹
Total cases open as of September 30, 2012	11

<u>Section 5143(c)(2), actions taken on SBIR/STTR cases²</u>	
Total accepted for civil or criminal prosecution:	5
Convictions or civil judgments obtained:	0
Prosecution requests denied:	0
Suspensions:	0
Debarments:	0
Award Terminations:	0
Other administrative actions:	0

Section 5143(c)(3), justification for no action taken

During FY 2012, none of the cases were closed.

¹ We note that the text of Section 5143(c)(1) refers to the "number of cases referred" to our office. Because some of our cases are self-initiated and arise from our own proactive efforts, limiting our response to cases referred to our office will not provide accurate information regarding our efforts in this area. Therefore, in order to provide complete and accurate information, we are reporting the total number of SBIR/STTR cases opened during this reporting period. If any of the reported case openings resulted from a referral to our office, that subset is identified parenthetically beside the number of cases opened. Because subjects of SBIR investigations often receive funds from numerous agencies, such investigations often involve joint efforts with other OIGs. Consequently, the data that we have reported above may also be reflected in reports from other OIGs.

² SBIR cases involve protracted investigations; final action rarely occurs in the year a case is opened. We report actions taken on such cases this FY, regardless of year a case was opened. Further, because section 5143(c)(2) calls for information pertaining to cases in which fraud, waste, or abuse, was found to have occurred, we do not report cases administratively closed in the FY (e.g., cases closed as a result of insufficient evidence).

Section 5143(c)(4), accounting for funds

Estimated OIG salaries

\$169,650

Funds recovered

\$0

In addition to the data specifically called for in Section 5143 (c), I wanted to alert you to the fact that we have completed non-criminal reviews of aspects of the Department's SBIR Program. Further, a review of this program is currently in process.

If you have any questions concerning this response, please contact me at (202) 586-4393.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", with a stylized flourish at the end.

Gregory H. Friedman
Inspector General

cc: U.S. House of Representatives, Committee on Science, Space,
and Technology
U.S. House of Representatives, Committee
on Small Business

Document Number 6



Department of Energy
Washington, DC 20585

December 3, 2012

The Honorable Mac Thornberry
Vice Chairman, Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

On November 28, 2012, at the request of Armed Services Committee staff, we held a teleconference to discuss our efforts to address allegations concerning management practices at the National Nuclear Security Administration's Office of Secure Transportation (OST). Because you have an interest in this matter, the staff asked that we communicate directly with you about the status of our work. That is the purpose of this letter.

As discussed with Committee staff, my office had received a number of allegations concerning the OST. We take these matters seriously and had taken various actions regarding the complaints prior to the November 28, 2012, teleconference. Specifically, we initiated an inspection of what we view as the most serious of the set of allegations. We have referred others to Department management officials seeking additional information. Once responses are received and evaluated, we will determine whether further action on our part is necessary.

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Greg Friedman". The signature is written in a cursive, flowing style.

Gregory H. Friedman
Inspector General



Department of Energy

Washington, DC 20585

May 13, 2013

The Honorable Dianne Feinstein
Chairwoman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairwoman Feinstein:

In accordance with your request of May 9, 2013, please be advised that an electronic copy of my enclosed statement for the record has been provided to Leland Cogliani of the Subcommittee staff. My statement pertains to the hearing on May 15, 2013, on the Department of Energy's Fiscal Year 2014 budget.

Please do not hesitate to contact me if I may be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", written in a cursive style.

Gregory H. Friedman
Inspector General

Enclosure



Printed with soy ink on recycled paper

Document Number 7



Department of Energy
Washington, DC 20585

December 3, 2012

RELEASE

The Honorable Paul Broun, MD
Chairman
Subcommittee on Investigations
and Oversight
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your November 15, 2012, letter concerning the use of personal email accounts for transacting official business by Department of Energy employees.

My office has been concerned with this issue for some time. In September 2012, we posed two threshold questions to the Department. Specifically, we asked the Department to provide detailed information on any steps it had taken to recover the personal emails of Loan Program Office officials who may have used personal email accounts to conduct Loan Program business. We also sought information on any steps that had been taken to ensure that Department officials understood and complied with the rules and regulations governing the use of personal email accounts when conducting official business.

In response to our inquiry, the Department told us that:

- Immediately upon learning of the fact that Loan Program officials may have used private email accounts to conduct official business, the then-Acting General Counsel contacted the individuals by letter and instructed them to (a) immediately conduct a search of their personal email accounts and electronic storage devices for any messages or other records relating to Department business, (b) promptly deliver all such records to the Office of General Counsel, and (c) ensure that no responsive records were deleted, destroyed, or altered. We were provided with a copy of one such letter;
- All of the individuals delivered responsive records, and that an individual who, while not previously identified as having conducted official business via a personal email account, learned of the instruction to the other individuals and voluntarily provided responsive records; and
- It had received a copy of all the personal email messages in Jonathan Silver's personal email account related to Department business.

In further response to our inquiry, the Department reported that, in August 2012, the House Oversight and Government Reform Committee sent letters directly to 10 current and former Federal and contractor employees of the Loan Program Office. Shortly after it received a copy of those letters, the Department wrote to each of the recipients, requesting that they (a) immediately conduct a search of their personal email accounts and electronic storage devices for any email messages and other records relating to official Department business, and (b) promptly provide those records to the Office of General Counsel. The Department told us that five of the individuals had previously produced their records to the Office of General Counsel and had either no, or a nominal number, of additional responsive records. Department officials further reported that the remaining five individuals produced what they said were all responsive emails and records by early September 2012.

We also questioned the steps the Department had taken to ensure that Department officials were aware of the rules and regulations governing the use of personal email accounts to conduct official business. The Department reported that, in November 2011, it issued an Order that outlines the policy concerning the management of Federal records, including the use of personal email to conduct official business. It also reported that it has incorporated instructions about this topic in the required annual Ethics briefings it gives to all employees who are presidentially-appointed, to Schedule C and non-career SES employees, to individuals on Intergovernmental Personnel Act assignment, and to Headquarters supervisory employees. The Department also reported that, beginning earlier this year, the Department's Chief of Staff has provided repeated instruction on this matter at regularly scheduled staff meetings. Finally, the Department reported that the Office of General Counsel will work with the Office of the Chief Human Capital Officer, and National Nuclear Security Administration, to include specific instructions about the use of personal email in the mandatory first-day training orientations given to all new employees.

While we have confirmed that the Department had taken certain actions consistent with its assertions outlined previously, we have not independently verified all aspects of the data provided to us.

I hope this is responsive to your inquiry. For your information, identical letters have been sent to the other signatories and recipients of your November 15, 2012, letter to me.

Please feel free to contact me if you have any questions about this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", with a stylized flourish at the end.

Gregory H. Friedman
Inspector General

cc: Rep. Eddie Bernice Johnson
Ranking Member
Committee on Science, Space
and Technology

Rep. Paul Tonko
Ranking Member
Subcommittee on Investigations and
Oversight

Rep. Brad Miller
Ranking Member
Subcommittee on Energy
and Environment



Department of Energy
Washington, DC 20585

December 3, 2012

The Honorable Andy Harris, MD
Vice Chairman
Subcommittee on Energy
and Environment
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your November 15, 2012, letter concerning the use of personal email accounts for transacting official business by Department of Energy employees.

My office has been concerned with this issue for some time. In September 2012, we posed two threshold questions to the Department. Specifically, we asked the Department to provide detailed information on any steps it had taken to recover the personal emails of Loan Program Office officials who may have used personal email accounts to conduct Loan Program business. We also sought information on any steps that had been taken to ensure that Department officials understood and complied with the rules and regulations governing the use of personal email accounts when conducting official business.

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- All of the individuals delivered responsive records, and that an individual who, while not previously identified as having conducted official business via a personal email account, learned of the instruction to the other individuals and voluntarily provided responsive records; and
- It had received a copy of all the personal email messages in Jonathan Silver's personal email account related to Department business.

In further response to our inquiry, the Department reported that, in August 2012, the House Oversight and Government Reform Committee sent letters directly to 10 current and former Federal and contractor employees of the Loan Program Office. Shortly after it received a copy of those letters, the Department wrote to each of the recipients, requesting that they (a) immediately conduct a search of their personal email accounts and electronic storage devices for any email messages and other records relating to official Department business, and (b) promptly provide those records to the Office of General Counsel. The Department told us that five of the individuals had previously produced their records to the Office of General Counsel and had either no, or a nominal number, of additional responsive records. Department officials further reported that the remaining five individuals produced what they said were all responsive emails and records by early September 2012.

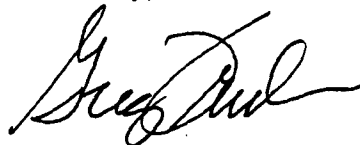
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I hope this is responsive to your inquiry. For your information, identical letters have been sent to the other signatories and recipients of your November 15, 2012, letter to me.

Please feel free to contact me if you have any questions about this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", with a stylized flourish at the end.

Gregory H. Friedman
Inspector General

cc: Rep. Eddie Bernice Johnson
Ranking Member
Committee on Science, Space
and Technology

Rep. Paul Tonko
Ranking Member
Subcommittee on Investigations and
Oversight

Rep. Brad Miller
Ranking Member
Subcommittee on Energy
and Environment



Department of Energy
Washington, DC 20585

December 3, 2012

The Honorable Ralph Hall
Chairman
Committee on Science, Space, and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your November 15, 2012, letter concerning the use of personal email accounts for transacting official business by Department of Energy employees.

My office has been concerned with this issue for some time. In September 2012, we posed two threshold questions to the Department. Specifically, we asked the Department to provide detailed information on any steps it had taken to recover the personal emails of Loan Program Office officials who may have used personal email accounts to conduct Loan Program business. We also sought information on any steps that had been taken to ensure that Department officials understood and complied with the rules and regulations governing the use of personal email accounts when conducting official business.

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Please feel free to contact me if you have any questions about this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", written in a cursive style.

Gregory H. Friedman
Inspector General

cc: Rep. Eddie Bernice Johnson
Ranking Member
Committee on Science, Space
and Technology

Rep. Paul Tonko
Ranking Member
Subcommittee on Investigations and
Oversight

Rep. Brad Miller
Ranking Member
Subcommittee on Energy
and Environment



Department of Energy
Washington, DC 20585

December 3, 2012

The Honorable F. James Sensenbrenner, Jr.
Vice Chairman
Committee on Science, Space
and Technology
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your November 15, 2012, letter concerning the use of personal email accounts for transacting official business by Department of Energy employees.

My office has been concerned with this issue for some time. In September 2012, we posed two threshold questions to the Department. Specifically, we asked the Department to provide detailed information on any steps it had taken to recover the personal emails of Loan Program Office officials who may have used personal email accounts to conduct Loan Program business. We also sought information on any steps that had been taken to ensure that Department officials understood and complied with the rules and regulations governing the use of personal email accounts when conducting official business.

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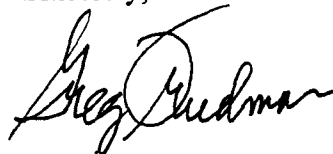
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I hope this is responsive to your inquiry. For your information, identical letters have been sent to the other signatories and recipients of your November 15, 2012, letter to me.

Please feel free to contact me if you have any questions about this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", written in a cursive style.

Gregory H. Friedman
Inspector General

Document Number 8



Department of Energy
Washington, DC 20585
December 18, 2012



The Honorable Darrell Issa
Chairman
Committee on Oversight and Government
Reform
U.S. House of Representatives
Washington, DC 20515

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government
Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Issa and Ranking Member Cummings:

Pursuant to your letter of December 5, 2012, I am providing information related to recommendations issued to the Department of Energy by the Office of Inspector General. Specific to your request, enclosed please find a short summary of recommendations which, in our judgment, represent the five highest priority short- and long-term recommendations to improve agency efficiency and reduce waste.

With respect to your inquiry on how agency management solicits input from our office on improving efficiency and reducing waste, there are a number of ways in which this occurs. For example, with some frequency, the Department requests an Office of Inspector General review of specific issues that it considers to be sensitive and/or high priority. In addition, as part of our annual audit planning activities, we ask all Departmental elements to identify areas in which they believe assessments or evaluations would provide value. This, along with our regular interactions with Department officials, often identifies prime targets of opportunity that we pursue, consistent with our mission.

Finally, in order to provide a broader understanding of our efforts, we have also enclosed our two most recent Semiannual Reports to Congress for Fiscal Year 2012. These reports, as you are aware, summarize the audit and investigative work produced by our office throughout the year. The reports also include a wide range of statistical information related to our oversight efforts. As noted in your request letter, we hope that in providing this additional information, one can gather a greater understanding of our efforts to reduce waste and improve efficiency within the Department.

I hope this data is helpful to you and the Committee. Please do not hesitate to contact me if we may be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman".

Gregory H. Friedman
Inspector General

Enclosures

Document Number 9



Department of Energy

Washington, DC 20585

February 27, 2013



The Honorable Mike Rogers
Chairman
Subcommittee on Strategic Forces
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In accordance with your request dated February 13, 2013, this letter serves to advise that 20 copies of my written testimony to be presented at the hearing on Thursday, February 28, 2013, entitled "Nuclear Security: Actions, Accountability, and Reform" have been delivered to the Subcommittee office. Separately, in accordance with your request, an electronic copy of my written testimony has also been provided to Mr. Eric Smith of the Subcommittee.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman".

Gregory H. Friedman
Inspector General

Enclosure



Printed with soy ink on recycled paper



Department of Energy
Washington, DC 20585

April 12, 2013

The Honorable Mike Rogers
Chairman
Subcommittee on Strategic Forces
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515-6035

Dear Mr. Chairman:

This is in response to your letter, dated March 13, 2013, concerning the Subcommittee on Strategic Forces' February 28, 2013, hearing entitled, "*Nuclear Security: Actions, Accountability, and Reform.*" Enclosed are answers to the Questions for the Record posed in the enclosure to your letter.

Please do not hesitate to contact me if I may be of further assistance.

Sincerely,

A handwritten signature in black ink, reading "Greg Friedman", is positioned above the printed name and title.

Gregory H. Friedman
Inspector General

Enclosure

Document Number 10



Department of Energy
Washington, DC 20585

March 14, 2013



The Honorable Thomas R. Carper
Chairman
Committee on Homeland Security and Governmental Affairs
340 Dirksen Senate Building
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In accordance with Government Auditing Standards, we are notifying you that we have commenced our audit of the Department of Energy's Fiscal Year 2013 Consolidated Financial Statements. The Office of Inspector General will manage this review with the participation of KPMG, LLP (KPMG). KPMG has provided an engagement letter to this effect.

Upon completion of the audit, we will provide you with a copy of the final report.

Please let me know if I may be of any additional assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory H. Friedman".

Gregory H. Friedman
Inspector General

cc: The Honorable Tom Coburn
Ranking Member



Department of Energy
Washington, DC 20585

March 14, 2013

The Honorable Dianne Feinstein
Chairwoman
Subcommittee on Energy and Water Development
Committee on Appropriations
United States Senate
Room S 128, The Capitol
Washington, DC 20510

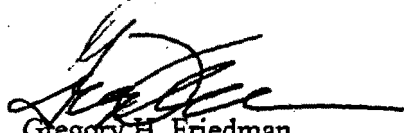
Dear Madam Chairwoman:

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Upon completion of the audit, we will provide you with a copy of the final report.

Please let me know if I may be of any additional assistance.

Sincerely,



Gregory H. Friedman
Inspector General

cc: The Honorable Lamar Alexander
Ranking Member



Department of Energy
Washington, DC 20585

March 14, 2013

The Honorable Al Franken
Chairman
Subcommittee on Energy
Committee on Energy and Natural Resources
United States Senate
304 Dirksen Senate Building
Washington, DC 20510

Dear Mr. Chairman:

In accordance with Government Auditing Standards, we are notifying you that we have commenced our audit of the Department of Energy's Fiscal Year 2013 Consolidated Financial Statements. The Office of Inspector General will manage this review with the participation of KPMG, LLP (KPMG). KPMG has provided an engagement letter to this effect.

Upon completion of the audit, we will provide you with a copy of the final report.

Please let me know if I may be of any additional assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory H. Friedman", is written over a horizontal line.

Gregory H. Friedman
Inspector General

cc: The Honorable James E. Risch
Ranking Member



Department of Energy
Washington, DC 20585

March 14, 2013

The Honorable Darrell E. Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

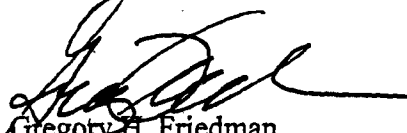
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Upon completion of the audit, we will provide you with a copy of the final report.

Please let me know if I may be of any additional assistance.

Sincerely,



Gregory H. Friedman
Inspector General

cc: The Honorable Elijah Cummings
Ranking Member



Department of Energy
Washington, DC 20585

March 14, 2013

The Honorable Cynthia Lummis
Chairman
Subcommittee on Energy
Committee on Science, Space, and Technology
U.S. House of Representatives
2321 Rayburn House Office Building
Washington, DC 20515


Dear Madam Chairman:

In accordance with Government Auditing Standards, we are notifying you that we have commenced our audit of the Department of Energy's Fiscal Year 2013 Consolidated Financial Statements. The Office of Inspector General will manage this review with the participation of KPMG, LLP (KPMG). KPMG has provided an engagement letter to this effect.

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Please let me know if I may be of any additional assistance.

Sincerely,



Gregory H. Friedman
Inspector General

cc: The Honorable Eric Swalwell
Ranking Member



Department of Energy
Washington, DC 20585

March 14, 2013

The Honorable Tom McClintock
Chairman
Subcommittee on Water and Power
Committee on Natural Resources
U.S. House of Representatives
1324 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

In accordance with Government Auditing Standards, we are notifying you that we have commenced our audit of the Department of Energy's Fiscal Year 2013 Consolidated Financial Statements. The Office of Inspector General will manage this review with the participation of KPMG, LLP (KPMG). KPMG has provided an engagement letter to this effect.

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Please let me know if I may be of any additional assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory H. Friedman", is written over the typed name.

Gregory H. Friedman
Inspector General

cc: The Honorable Grace F. Napolitano
Ranking Member



Department of Energy
Washington, DC 20585

March 14, 2013

The Honorable Lamar Smith
Chairman
Committee on Science, Space, and Technology
U.S. House of Representatives
2321 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

In accordance with Government Auditing Standards, we are notifying you that we have commenced our audit of the Department of Energy's Fiscal Year 2013 Consolidated Financial Statements. The Office of Inspector General will manage this review with the participation of KPMG, LLP (KPMG). KPMG has provided an engagement letter to this effect.

Upon completion of the audit, we will provide you with a copy of the final report.

Please let me know if I may be of any additional assistance.

Sincerely,

Gregory H. Friedman
Inspector General

The signature of Gregory H. Friedman is written in black ink above his name and title. The signature is a stylized, cursive script.

cc: The Honorable Eddie Bernice Johnson
Ranking Member



Department of Energy
Washington, DC 20585

March 14, 2013

The Honorable Chris Stewart
Chairman
Subcommittee on Environment
Committee on Science, Space, and Technology
U.S. House of Representatives
2321 Rayburn House Office Building
Washington, DC 20515


Dear Mr. Chairman:

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Please let me know if I may be of any additional assistance.

Sincerely,



Gregory H. Friedman
Inspector General

cc: The Honorable Suzanne Bonamici
Ranking Member



Department of Energy
Washington, DC 20585

March 14, 2013

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

In accordance with Government Auditing Standards, we are notifying you that we have commenced our audit of the Department of Energy's Fiscal Year 2013 Consolidated Financial Statements. The Office of Inspector General will manage this review with the participation of KPMG, LLP (KPMG). KPMG has provided an engagement letter to this effect.

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Please let me know if I may be of any additional assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Friedman", is written over the typed name.

Gregory H. Friedman
Inspector General

cc: The Honorable Henry A. Waxman
Ranking Member



Department of Energy
Washington, DC 20585

March 14, 2013

The Honorable Ron Wyden
Chairman
Committee on Energy and Natural Resources
United States Senate
304 Dirksen Senate Building
Washington, DC 20510

Dear Mr. Chairman:

In accordance with Government Auditing Standards, we are notifying you that we have commenced our audit of the Department of Energy's Fiscal Year 2013 Consolidated Financial Statements. The Office of Inspector General will manage this review with the participation of KPMG, LLP (KPMG). KPMG has provided an engagement letter to this effect.

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Please let me know if I may be of any additional assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory H. Friedman", is written over a horizontal line.

Gregory H. Friedman
Inspector General

cc: The Honorable Lisa Murkowski
Ranking Member

Document Number 11



Department of Energy
Washington, DC 20585

RELEASE

March 14, 2013

The Honorable Darrell E. Issa
Chairman
Committee on Oversight and Government Reform
United States House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

In accordance with the Improper Payments Elimination and Recovery Act and the subsequent implementing guidance issued by the Office of Management and Budget, the attached report presents the results of an evaluation of the Department of Energy's Improper Payment Reporting in the Fiscal Year 2012 Agency Financial Report.

To fulfill the Office of Inspector General's audit responsibilities, we contracted with the independent public accounting firm of KPMG, LLP to express an opinion on whether the Department met OMB's criteria for compliance with IPERA. The objective of this audit was to complete an evaluation of the accuracy and completeness of agency reporting, and evaluate agency performance in reducing and recapturing improper payments under IPERA.

KPMG expressed the opinion that the Department complied with all requirements of IPERA.

Furthermore, while these matters are not included in OMB's criteria for compliance with IPERA, KPMG noted the following two observations that could further improve the Department's assessment of improper payments:

- **Risk Assessments:** The Department relied on their OMB Circular A-123, Appendix A "Management's Responsibility for Internal Control" risk assessment to determine that the loans and grants payment programs were not susceptible to significant improper payments and documented their conclusion within an Agency-wide improper payments risk assessment. The documentation did not provide an explicit explanation of the linkage between the Department's A-123 analysis and the assessment of the eight improper payment risk factors for the grant and loan payment areas.
- **Recapture Reporting:** The Department provided the field sites with instructions and training for reporting payment recapture amounts to headquarters. However, the instructions did not clearly identify that underpayment and overpayment data should be separated for reporting purposes. As a result, 4 of 43 sites did not report underpayments separately from overpayments. Further, the sites did not always clearly identify the recapture payment types.

The Department's Office of the Chief Financial Officer concurred with the observations in the report and indicated it would consider the suggested improvements during the Department's FY 2013 assessment of improper payments.

KPMG is responsible for the attached report dated March 13, 2013, and the opinions and conclusions expressed therein. KPMG conducted this performance audit in accordance with generally accepted Government auditing standards. Those standards required KPMG to plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings based on the audit objectives. The OIG is responsible for technical and administrative oversight regarding KPMG's performance under the terms of the contract. Our monitoring review disclosed no instances where KPMG did not comply with applicable auditing standards.

Sincerely,



Gregory H. Friedman
Inspector General

Report No.: OAS-FS-13-12

Attachment

cc: The Honorable Elijah Cummings
Ranking Member



Department of Energy
Washington, DC 20585

March 14, 2013

The Honorable Thomas R. Carper
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Improper Payments Elimination and Recovery Act and the subsequent implementing guidance issued by the Office of Management and Budget, the attached report presents the results of an evaluation of the Department of Energy's Improper Payment Reporting in the Fiscal Year 2012 Agency Financial Report.

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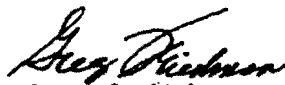
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Sincerely,



Gregory H. Friedman
Inspector General

Report No.: OAS-FS-13-12

Attachment

cc: The Honorable Tom Coburn
Ranking Member



Department of Energy

Washington, DC 20585

JUL 15 2013

Re: FOIA HQ-2013-00913-F

This letter is in response to the request for information you sent to the Department of Energy (DOE) under the Freedom of Information Act (FOIA), 5 U.S.C. §552. You requested:

1. DOE responses to correspondence from Congressional Committee Chairpersons.
2. DOE responses to correspondence from Sub-Committee Chairpersons.

Your request was assigned to the Loan Programs Office (LPO) to conduct a search of our files for responsive documents. The LPO's search located responsive documents and they were reviewed by DOE personnel. We continue to process our review of other records you requested. If they can be released, we will do so as soon as possible.

You may obtain additional information by contacting Ms. Wendy Pulliam by email at Wendy.Pulliam@hq.doe.gov or by telephone at (202) 586-4347.

Sincerely,

A handwritten signature in black ink, appearing to read "David G. Frantz", is written over the typed name.

DAVID G. FRANTZ,
DEPUTY EXECUTIVE DIRECTOR
LOAN PROGRAMS OFFICE

Enclosure





Department of Energy
Washington, DC 20585

February 14, 2012

The Honorable Darrell E. Issa
Chairman
House Committee on Oversight
And Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Issa:

Thank you for your January 3, 2012, letter regarding the Department of Energy's (DOE) loan guarantee to Stephentown Regulation Services, LLC (Stephentown), a wholly-owned subsidiary of Beacon Power Corporation (Beacon). Secretary Chu has asked me to reply on his behalf. With this letter, the Department is enclosing documents responsive to the Committee's request.

I want to note at the outset that, as we have emphasized in previous communications with your staff, the information contained in this letter includes highly sensitive and confidential business information, the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, some of the information transmitted herewith may include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. This document may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U. S. C. § 552. Such information would not be available to persons outside the government. We, therefore, respectfully request that the Committee consult with the Department before releasing this information or any portion thereof.

In August 2010, the Department closed on a \$43.1 million loan guarantee for the Stephentown financing, of which \$39.1 million was ultimately disbursed. Proceeds of the guaranteed loan were used by Stephentown to partially fund the construction of a flywheel-based energy storage facility that provides regulation services to the New York power market. The Stephentown facility began commercial operations at partial load in early 2011, and was delivering its full capacity by June 2011.

The loan guarantee to Stephentown was issued under Section 1705 of Title XVII of the Energy Policy Act of 2005 (added to Title XVII by the American Recovery and Reinvestment Act of 2009 (ARRA)), although the application was initially filed under Section 1703 of Title XVII. As a matter of policy, DOE required the project to satisfy the eligibility requirements imposed by Congress under each section, including the Section 1703(a) requirement that the project employ a "new or significantly improved" (*i.e.*, innovative) technology. As discussed below, innovative technologies entail greater risk than similar, more established commercial technologies, and projects using innovative technology can be expected to have ratings that reflect the greater uncertainty inherent in the innovation requirement of Section 1703.



DOE conducted a thorough underwriting and credit analysis of the Stephentown project; prepared a risk rating matrix; and, like S&P, assigned the project a rating of CCC+. The Office of Management and Budget affirmed that rating, which was taken into account in computing the credit subsidy cost of the project's loan guarantee. In addition, DOE determined, as required by Section 1702, that there was a "reasonable prospect of repayment" of the guaranteed loan.

Under each 1705 Solicitation, as well as under Section 609.9(f) of the Final Rule for Loan Guarantees for Projects That Employ Innovative Technologies, 10 CFR Part 609 (the "Final Rule"), each project in the LPO portfolio received a credit rating from a nationally recognized credit rating agency prior to issuance of the loan guarantee. Copies of the independent credit rating for each applicable 1705 loan guarantee transaction are enclosed with this letter.

Section 1705 is not restricted by the innovation requirement of Section 1703, leaving DOE the flexibility to finance more traditional, lower risk commercial technology projects, as well as higher risk innovative projects. By financing both types of projects, under separate solicitations with appropriately distinct requirements, DOE ensured a measure of balance in its portfolio to better protect taxpayer dollars.

Nothing in Title XVII or the Final Rule requires DOE to establish a minimum credit rating for loan guarantee transactions. The Solicitation for Federal Loan Guarantees for Commercial Technology Renewable Energy Generation Projects (the "FIPP Solicitation"), which is discussed further below, is the only Section 1705 solicitation under which we issued guarantees that required a minimum credit rating. It is also the only solicitation under which DOE issued partial guarantees. Given the nature of projects financed under other solicitations, partial guarantees would have been impractical, as commercial lenders were unlikely to participate except on terms that would have been economically prohibitive for the projects.

Requiring a BB (or equivalent) credit rating for such fully guaranteed projects would have rendered many innovative projects ineligible for a loan guarantee. DOE does not believe that this result would have served the goals of the ARRA or Title XVII, as enacted by Congress in 2005. Accordingly, outside of the FIPP Solicitation, DOE has relied on the standard set by Congress, in Section 1702(d)(1), that there be a "reasonable prospect of repayment" of the guaranteed loan and on the credit subsidy cost computation mandated by the Federal Credit Reform Act of 1990, which establishes loan loss reserves in an amount determined by reference to the project's level of credit risk.

The program conducted under the FIPP Solicitation was designed to further the goals of ARRA by expanding private sector credit capacity and enabling rapid deployment of DOE's ARRA funding. To that end, the FIPP Solicitation required (among other matters) that (i) applications be filed by commercial lenders who had conducted an independent project evaluation, (ii) commercial institutions bear, on an unguaranteed basis, 20% of the risk of the loan, (iii) the projects use commercially available technologies and (iv) the transaction receive a credit rating of BB or the equivalent from a nationally recognized credit rating agency. Because of the involvement of commercial lenders, the relatively strong credit rating requirement, and other standardized features of the FIPP Solicitation, DOE believed that loan guarantee applications under the FIPP Solicitation would be processed and implemented with greater efficiency, thereby

expanding DOE's capacity to deploy its ARRA funds "as quickly as possible consistent with prudent management," as mandated by Congress.

A list of all of Beacon's assets and liabilities, as compiled and submitted to the Bankruptcy Court by Beacon are enclosed. We would note that we are not in a position to attest to the accuracy of how the filings distinguish between assets owned by Beacon and assets owned by Stephentown. The Department of Justice is representing the U.S. Government in this litigation.

As far as we know, there is no market valuation of these individual assets and liabilities as of a date prior to the bankruptcy filing. DOE did, however, develop analyses of the market value of the Stephentown facility as an operating entity shortly before the bankruptcy filing. This valuation was based on the going-concern business of the facility. As detailed in the attached document captioned "Stephentown Valuation," a number of scenarios were evaluated based on varying regulation service price levels and investor discount rates.

DOE's recovery on the loan guarantee is determined by the results of the chapter 11 proceeding. The bankruptcy court conducted an auction of Beacon's assets (including the Stephentown assets) on February 3, 2012. Under terms of the agreement and subject to court approval on February 7, 2012, Rockland Capital will purchase substantially all of the assets of Beacon and Stephentown for a combination of cash and a promissory note, totaling \$30.5 million, along with additional guarantees and funding obligations to DOE of \$6.6 million. Under the terms of the deal, the DOE stands to recover more than 70 percent of the taxpayer's investment.

As noted above, DOE provided a loan guarantee to Stephentown, not a credit line to Beacon. All proceeds of the DOE-guaranteed loan, along with equity provided by Beacon's investors, were used to acquire, install and commission equipment at the facility.

Please see the attached list of eligible project costs for Stephentown. Those were the only costs permitted to be paid from proceeds of the DOE guaranteed loan. We do not have access to a list of expenditures for Beacon, as Beacon was not the borrower.

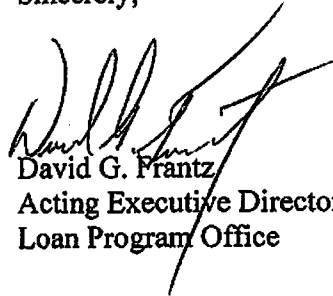
On October 30, 2011, Beacon and Stephentown filed voluntary petitions under chapter 11 of the Bankruptcy Code. As noted above, the DOE-guaranteed loan was not used to recapitalize Beacon. It was used solely to construct the Stephentown facility, which is currently operational. At the time of the filing, Stephentown (the borrower of the DOE-guaranteed loan) had the cash flow necessary to pay its bills as they came due.

Beacon is a publicly traded company (NASDAQ, "BCON"), which has made periodic public disclosures concerning the financial condition of the company and the risks that ultimately led to its decision to file for bankruptcy protection. Beacon chose also to put its subsidiaries (including Stephentown) into bankruptcy, even though Stephentown was not, at the time of the filing, experiencing liquidity problems. As discussed further in the Beacon bankruptcy filings, there were concerns about the level of market prices for frequency regulation services in the New York area and the impact that continued low prices might have on Stephentown's ability to service the guaranteed loan. At the time of the filing, however, the Stephentown project was

nearing completion, was current on all debt service, and was not required to begin repayment of the loan until September 2012.

Enclosed are documents that are responsive to the Committee's request. If we can be of further assistance, please do not hesitate to contact me or Christopher Davis, Deputy Assistant Secretary for House Affairs, in DOE's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,



David G. Frantz
Acting Executive Director
Loan Program Office

Enclosures

cc: The Honorable Elijah Cummings, Ranking Member

**Department of Energy**

Washington, DC 20585

MAR 16 2012

The Honorable Darrell E. Issa
Chairman
House Committee on Oversight
and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Secretary Chu has asked me to respond to your January 11, 2012, letter regarding the loan guarantee issued to John Hancock Financial Services ("John Hancock") to support a loan to finance the Blue Mountain geothermal power generating project in Pershing and Humboldt Counties, Nevada (the "Blue Mountain Project").

The information contained in this letter includes highly sensitive and confidential business information the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, some of the information transmitted herewith may include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. This document may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We, therefore, respectfully request that the Committee consult with the Department of Energy (the "Department" or "DOE") before releasing this information or any portion thereof.

The Blue Mountain Project consists of a well field, fluid collection and injection systems, a power plant, and associated facilities that enable geothermal energy to be extracted from below the Earth's surface and converted into electricity. The project company has a 20-year power purchase agreement to sell electricity to the Nevada Power Company.

Geothermal energy is a renewable resource available in vast quantities in the western United States. According to the U.S. Geological Survey, there may be as much as 16,500 megawatts of untapped power just from resources already identified. The United States is the world leader in geothermal electricity production, with about 3,500 megawatts of installed capacity and 25,000 workers.

The Blue Mountain Project loan guarantee was issued under the Financial Institution Partnership Program ("FIPP"), a program implementing Section 1705 of Title XVII, enacted in the American Recovery and Reinvestment Act of 2009 ("ARRA"). FIPP was designed to expand aggregate credit capacity for U.S. renewable energy generation projects that use commercial technologies. In a FIPP financing, the Department



guarantees no more than 80 percent of a loan provided by one or more private lenders, which means that the private lenders share the credit risks with the Department.

At the time of DOE's review of the Blue Mountain Project, the John Hancock Power and Infrastructure team managed a \$14.7 billion portfolio. With experience in over 15 renewable energy sector financings, nine of which had been in geothermal, John Hancock had the requisite expertise to evaluate and structure the Blue Mountain Project.

It is critical to distinguish between the project company that received the DOE-guaranteed loan (i.e., the borrower) and its affiliates. John Hancock's loan in the principal amount of \$98.5 million (partially guaranteed by DOE in the amount of \$78.8 million) is to the project company, NGP Blue Mountain 1 LLC ("NGP 1"), that owns the Blue Mountain Project and has a long-term contract to sell the electricity generated by the project. This structure provides a contractual stream of revenues to repay the DOE-guaranteed loan. Indeed, the project company has consistently made its payments on the DOE-guaranteed loan on time and in full.

The immediate parent of the project company is NGP Blue Mountain Holdco LLC ("Holdco"). Holdco is the borrower of a mezzanine loan from funds managed by EIG Global Energy Partners ("EIG," formerly part of Trust Company of the West ("TCW") referenced in your letter). Holdco is owned by the sponsor, Nevada Geothermal Power Inc. ("NGP"). Exhibit A to this letter provides a diagram of this structure.

The Department holds a first-priority perfected security interest in the project assets and the stock of the project company, NGP 1. The mezzanine lenders do not have a lien on any project assets and their interests are fully subordinated to the Department's interests in the project company. Holdco's obligations to the mezzanine lenders do not affect the project company's ability to repay the DOE-guaranteed loan. Fitch issued a "BB+" rating in July 2010 to the project (without the benefit of a DOE loan guarantee or any other credit support that would not be available to DOE).

Section 1705 was intended to address the then "current economic conditions" and "contraction of the credit market" resulting from the 2008 financial crisis. See H.R. Rep. No. 111-4, at 31-32 (2009) (the House Report). The House Report states:

This new loan program would provide loan guarantees for proven renewable technologies... The temporary program is designed to address the current economic conditions of the nation for renewable projects... Due to the contraction of the credit market and lower bond ratings for companies, renewable... projects have been postponed, [and] this loan program is intended to provide adequate capital to construction [of a] new generation of renewable energy projects.

The FIPP program was designed to expand aggregate credit capacity to mitigate the effects of the credit crisis on renewable energy generation projects using commercial technology: "FIPP is intended to...expand senior credit capacity for the efficient and

prudent financing of eligible projects under Section 1705 of Title XVII that use Commercial Technology.” (FIPP Solicitation, p. 6)

The Blue Mountain Project sponsor, NGP, attempted to complete financing of the project in 2008 with Morgan Stanley as arranger; but, given the severe credit market contraction, that financing did not close. NGP obtained stop-gap funding under the mezzanine financing from TCW to partially fund the construction costs of the facility after it realized it could not secure permanent bank project financing in the midst of the financial crisis. The structure of the mezzanine loan and its terms and conditions differ substantially from those of a long-term loan designed to be permanent project financing.

John Hancock applied for the DOE guarantee in November 2009 under the FIPP Solicitation issued in October 2009. John Hancock proposed to provide a senior, long-term financing package, which included funding for further development of the geothermal resource. Under the partial DOE guarantee, John Hancock and DOE share the project’s credit exposure, and John Hancock, as lender, and DOE, as guarantor, separately evaluated the project’s long-term credit risks. TCW’s stop-gap mezzanine funding absorbed project risk during an interim period and substantially de-risked the project. DOE’s guarantee was designed to support John Hancock in providing senior, long-term financing for a promising renewable energy project affected by the financial crisis and, through the sharing with John Hancock of credit exposure, expand aggregate credit capacity for senior, long-term financing available to renewable energy projects.

Part of the proceeds of the DOE-guaranteed loan was used by the project company to reimburse Holdco for construction costs. Because a portion of Holdco’s funding of those costs had been provided by the stop-gap mezzanine funding, that reimbursement was used by Holdco to partially repay the mezzanine loan. NGP, EIG, and John Hancock all continue to hold “skin in the game.” NGP has invested significant equity in the project; the EIG-managed funds have, through their Holdco investment, a continuing exposure to the dividend performance of the project company; and John Hancock, which funded the entire loan amount out of its funds, continues to hold a significant unguaranteed credit exposure to the project. Thus, three private sector investors have concluded that the Blue Mountain Project is worth a significant investment of their own capital, and it is incongruous to suggest that a commercial institution like Hancock has put its own capital at risk to “bail out” another commercial institution like EIG.

DOE does not rely on NGP’s credit, and because of the structural protections described above, NGP’s financial condition does not affect the project company’s ability to repay the DOE-guaranteed loan. In fact, the project is generating positive cash flows that exceed operating costs and debt service on the DOE-guaranteed loan.

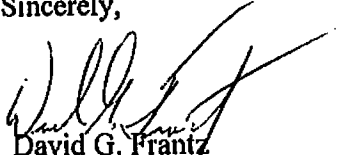
In summary, DOE’s support for the Blue Mountain Project is consistent with Section 1705 and complies with FIPP objectives and DOE’s eligibility requirements, and contains strong taxpayer protections. Not only is the project producing clean power and repaying the DOE-guaranteed loan, it is paving the way for more geothermal projects in the future across the western United States.

The DOE website correctly states the Department's understanding, based on information received from the company, that the Blue Mountain Project would require 14 permanent operations jobs and that at peak 200 construction workers were required to construct the power plant component of the Project. The Department also understands that the Project requires 24 jobs in ongoing drilling to further develop the geothermal resource.

As to the "superiority of rights" provision in Section 1702(g)(2)(B) of Title XVII of the Energy Policy Act of 2005, our January 19, 2012, letter provided a detailed explanation of our interpretation of that provision, our public rulemakings in 2007 and 2009, and our conclusion that the statute does not prohibit *pari passu* credit terms. Your letter cites a provision in the Term Sheet that refers to the consent of all lenders "for any change to the priority of payment in the payment waterfall." That provision relates to the rights of lenders to enter post-closing amendments or modifications and is wholly unrelated to superiority of rights in any property acquired by the Secretary. That provision is in the agreement because no lender would agree to payment priorities at closing only to allow another party to change those agreed terms after closing without the consent of the other lenders. Such provisions are standard in the market and fully consistent with Title XVII.

If we can be of further assistance, please do not hesitate to contact me or Mr. Christopher Davis, Deputy Assistant Secretary for House Affairs, in DOE's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,



David G. Frantz
Acting Executive Director
Loan Program Office

cc: The Honorable Elijah Cummings, Ranking Member



Department of Energy

Washington, DC 20585

MAR 30 2012

The Honorable Darrell E. Issa
Chairman
House Committee on Oversight
And Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Issa:

Thank you for your January 30, 2012, letter regarding the Department of Energy's (DOE) loan guarantee to Abound Solar Manufacturing LLC ("Abound"). Secretary Chu has asked me to reply on his behalf.

I want to note at the outset that, as we have emphasized in previous communications with your staff, the information contained in this letter includes highly sensitive and confidential business information, the release of which could cause direct and foreseeable harm to the companies involved and their employees and investors. In addition, some of the information transmitted herewith may include sensitive proprietary information or other information that may be covered by the Trade Secrets Act, 18 U.S.C. § 1905. This document may also contain information exempt from public release pursuant to the Freedom of Information Act, as amended, 5 U.S.C. § 552. Such information would not be available to persons outside the government. We therefore respectfully request that the Committee consult with the Department before releasing this information or any portion thereof. We urge the Committee to give greater heed to the risk that disclosing confidential business information will cause significant harm to businesses.

In your letter, you refer to the credit rating of "B" issued on November 4, 2010 by Fitch Ratings ("Fitch") for the debt obligations to be incurred by Abound in respect of a \$400,000,000 loan. The loan would be provided by the Federal Financing Bank and guaranteed by DOE and the proceeds would be used to partially finance construction of two solar panel production lines at an existing facility in Longmont, Colorado and the acquisition and build out of a second solar manufacturing facility in Tipton, Indiana (the "Project"). You state in your letter that Fitch relied, in arriving at this rating, on the financial benefits of the DOE loan guarantee. This is a misunderstanding. Fitch of course took into account the terms of the DOE guaranteed loan, as it was precisely the ability of Abound to repay the loan in accordance with those terms that Fitch was asked to rate. That Fitch took into account the terms on which DOE had agreed to guarantee the loan does not mean, however, that Fitch took into account the guarantee itself. The very point of the rating is to assess the ability of the *borrower*, not the ability of DOE, to repay the loan. Had the rating taken into account the DOE loan guarantee, it would have been the same rating as is assigned to any debt obligation of the U.S. government and no investigation of Abound would have been necessary.

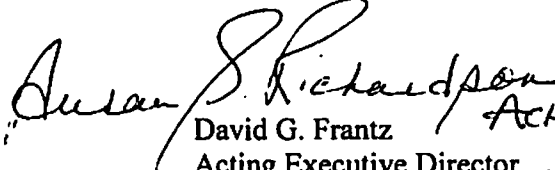


You also asked about the background checks conducted by DOE in connection with the guaranteed loan to Abound. DOE conducted successful background checks on the management and key employees of Abound prior to issuance of the loan guarantee. These investigations were conducted by a DOE contractor, KeyPoint Government Solutions. In addition, DOE staff conducted supplemental checks through Lexis-Nexis and checked with the Internal Revenue Service for taxpayer delinquency information. Moreover, DOE assesses the ability of investors to honor applicable commitments to the project or to DOE. In the case of Abound, the Project will be constructed in modular phases, and the portion of the loan required to fund each phase will be disbursed only if all required equity has been fully funded to Abound. This was the case for all amounts loaned to date. Future disbursements are dependent on prior receipt of the necessary equity funding either from existing investors or from new investors.

Finally, your letter's assertion that an Abound investor's "political influence in the Administration . . . affected the loan guarantee process for Abound Solar" is unfounded. On the contrary, as with all of the loan guarantee proposals, and as borne out by the nearly 400,000 pages of documents produced to the Committee so far in connection with its investigations, the decision to grant Abound Solar a loan guarantee was made on the merits, after careful review by our program experts in order to fulfill the objectives set forth by Congress and maximize protections for the taxpayer.

If we can be of further assistance, please do not hesitate to contact me or Christopher Davis, Deputy Assistant Secretary for House Affairs, in DOE's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,


David G. Frantz *Acting for*
Acting Executive Director
Loan Programs Office

cc: The Honorable Elijah Cummings, Ranking Member



Department of Energy
Washington, DC 20585

February 28, 2013

The Honorable Paul Broun, M.D.
Chairman, Subcommittee on Oversight
Committee on Science, Space and Technology
U.S. House of Representatives
Washington, DC 20515

The Honorable James Lankford
Chairman, Subcommittee on Energy Policy,
Health Care and Entitlements
Committee on Oversight and Government Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Broun and Chairman Lankford:

Thank you for your January 25, 2013 letter to Secretary Chu regarding the Cape Wind project.

Your letter expresses concern regarding the Final Environmental Impact Statement (FEIS) issued for the project in January 2009 by the U.S. Department of the Interior's Minerals Management Service, now known as the Bureau of Ocean Energy Management and referred hereafter as BOEM. In April 2010 and April 2011, BOEM completed Environmental Assessments (EA) and determined, by issuance of Findings of No New Significant Impact (FONNSI), that the 2009 FEIS was adequate for purposes of the project's 2010 commercial lease and 2011 Construction and Operation Plan (COP) approval. With respect to these determinations, we respectfully refer you to BOEM.

In your letter, you also address the Department of Energy's (the Department) 2012 Final Environmental Impact Statement that adopted BOEM's 2009 FEIS (in combination with BOEM's 2010 EA and 2011 EA) for purposes of a proposed loan guarantee for the project under Section 1703 of the Energy Policy Act of 2005. The Department conducted a thorough and independent review of the 2009 FEIS, and 2010 and 2011 EAs (and associated FONNSIs), in order to determine whether the Department's adoption would satisfy applicable environmental review requirements. This review, among other actions, included:

- A comparison of the proposed action as described in the loan guarantee application and the proposed action analyzed in the 2009 FEIS;
- An assessment of the need for a floodplain review pursuant to 10 C.F.R. Part 1022; and



- A review of the project's environmental review and consultation requirements pursuant to 40 C.F.R. 1502.25.

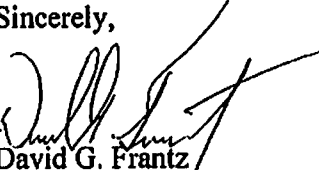
The Department's adoption of the 2009 FEIS (in combination with the 2010 and 2011 EAs) required a 30-day review period, which ended on January 29. DOE extended the review period to run through March 11, 2013.

In addition, the Department will examine any newly identified information before deciding whether to issue a loan guarantee. This examination will determine whether additional analysis is required to address substantial changes in the proposed action or significant new circumstances or information relevant to environmental concerns and bearing on the proposed action or its impacts that were not addressed in the Department's 2012 FEIS.

Finally, while the Department has made no decision whether to issue a conditional commitment or loan guarantee for the Cape Wind project, I would note that the Department's Loan Programs Office is supporting a broad portfolio of innovative technologies helping accelerate America's transition to a clean energy future. In doing so, the Department remains intently focused on serving as a strong steward of taxpayer dollars while investing in the clean energy technologies that will power the 21st century. All funding decisions under the program are made on the merits and only after many months of rigorous technical, financial, environmental and legal due diligence by the Department's professionals. The U.S. Government Accountability Office has noted that private sector lenders report that this due diligence is as rigorous as, or more rigorous than, underwriting and due diligence standards in the private sector.

If you have any further questions, please do not hesitate to contact me or Christopher Davis in the Department's Office of Congressional and Intergovernmental Affairs at (202) 586-5450.

Sincerely,



David G. Frantz
Acting Executive Director
Loan Programs Office

Enclosures

cc: The Honorable Dan Maffei, Ranking Member
Subcommittee on Oversight
Committee on Science, Space and Technology

The Honorable Jackie Speier, Ranking Member
Subcommittee on Energy Policy, Health Care and Entitlements
Committee on Oversight and Government Reform



Department of Energy
Washington, DC 20585

February 28, 2013

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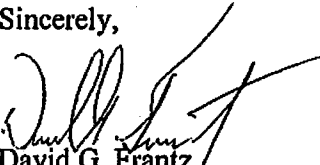
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