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Statement of Ranking Member Dennis J. Kucinich Subcommittee on Regulatory Affairs, Stimulus Oversight and Government Spending Hearing on “The Obama Administration’s Green Energy Gamble: What Have All the Taxpayer Subsidies Achieved?”

May 16, 2012

Thank you Mr. Chairman. I am grateful for today’s hearing because I think it will serve to dispel some misconceptions about the Department of Energy’s loan guarantee program and President Obama’s energy agenda.

Recognizing that energy independence is critical to America’s future, Congress created the loan guarantee program in 2009 to support “innovative” energy projects that involved more risk than is typical for project and corporate debt financing.

The majority would have you believe that the well-publicized bankruptcies of Beacon Power and Solyndra threaten to tank the Department of Energy’s entire loan guarantee portfolio. In reality, the Department of Energy’s 1705 loan guarantee portfolio program is doing better than Congress expected when it established the program.

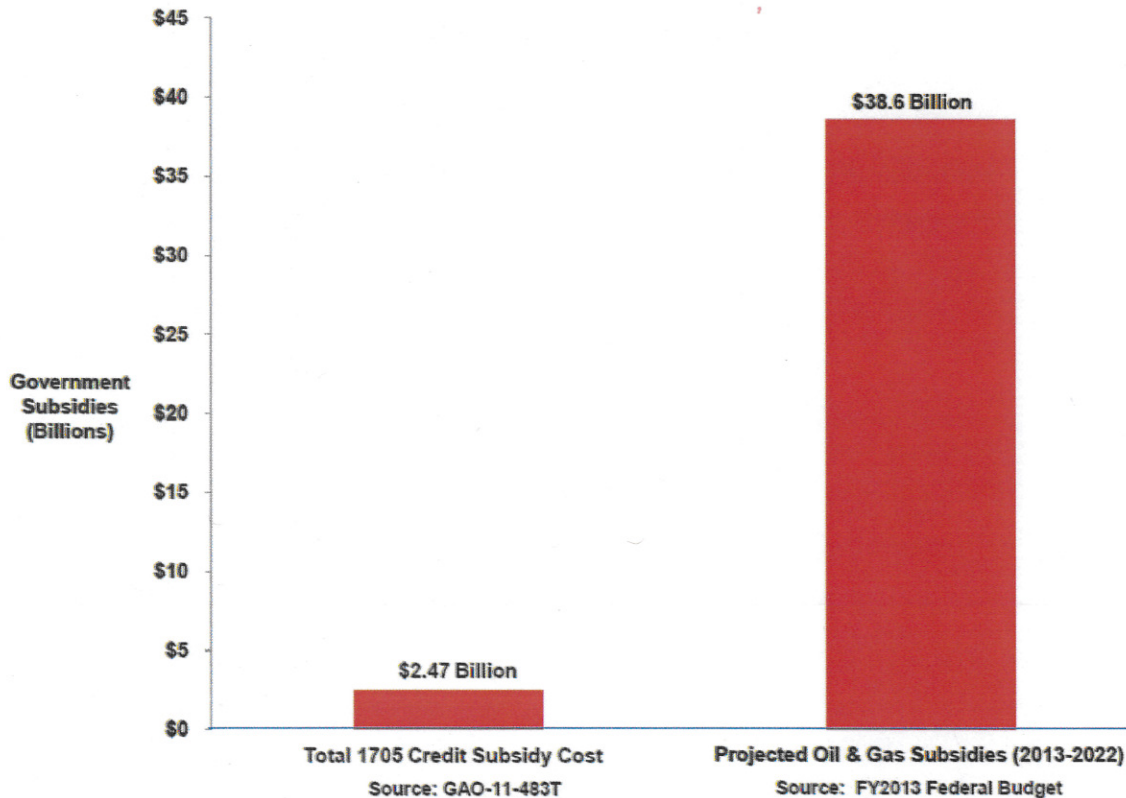
When Congress created the 1705 program, we appropriated about \$2.47 billion in credit subsidy costs as an insurance fund to cover potential losses stemming from defaults by companies and projects receiving the loan guarantees. That means that Congress prepared for losses to reach 15% of total loan guarantees provided by the program.

In reality, actual losses are about 3%. That means that the Department of Energy’s rigorous and thorough due diligence process for choosing among applicants resulted in safer choices than Congress had anticipated.

My Republican colleagues have singled out for scrutiny federal support for renewable energy technologies. I note that they have not raised questions about the last 100 years of subsidies to promote the development of fossil fuel technologies. And I have not heard of any Committee investigation into subsidies for the nuclear energy industry either, even though in February 2010, a single nuclear project received \$8.33 billion in loan guarantees.

Investing in our energy independence is critical to America's national security, economic growth, and future job creation. If we fail to support these emerging renewable energy technologies, our country will fall behind countries like Germany and China. If anything, we do not do enough for renewable energy, especially when compared to support for oil and gas.

Total 1705 Credit Subsidy vs. Oil & Gas Subsidies For Next 10 Years



I have a chart attached to my statement that shows how much greater is ongoing support for the oil and gas industry, compared with renewable energy technology.

So I am left wondering why my Republican colleagues have devoted four hearings, including today's, to criticize renewable energy companies which have received federal support as Congress intended, in a well-managed program that has returned better results than Congress even anticipated?

I think we should be helping to preserve American leadership in a technology that will only become more important, not less, in the future. Impugning the reputations of these companies before television cameras is just not productive. I yield back.