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PRINCIPAL DEPUTY UNDER SECRETARY
AND ACTING UNDER SECRETARY FOR INFRASTRUCTURE
U.S. DEPARTMENT OF ENERGY
BEFORE THE
COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY
SUBCOMMITTEE ON ECONOMIC GROWTH, ENERGY POLICY, AND
REGULATORY AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
REGARDING
SAFEGUARDING TAXPAYER DOLLARS AGAINST FRAUD, WASTE, AND ABUSE

APRIL 18, 2023

Introduction

Chairman Fallon, Ranking Member Bush, and distinguished Members of the Subcommittee, thank you for this opportunity to provide an update on the Department of Energy's (DOE or the Department) efforts to safeguard taxpayer dollars against fraud, waste, and abuse in the implementation of the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law (BIL), and the Inflation Reduction Act (IRA).

The BIL and IRA are truly historic investments in renewing American infrastructure for decades to come. We are together rebuilding American manufacturing and increasing American competitiveness. We are creating millions of lasting, good-paying jobs and helping communities across the country to tackle huge challenges and take advantage of opportunities, whether that is help creating jobs in communities seeing the impacts of rapid energy technology transitions or just helping communities of all kinds make sure their residents have access to new energy technologies that can reduce families' and business' energy bills as quickly as they can be deployed.

We at the DOE feel a sense of urgency so that our fellow Americans in all parts of our country can benefit from this law. We are also working with a sense of deliberateness and professionalism, understanding that we are entrusted with investments being made by our fellow taxpayers. By implementing the BIL and IRA, DOE will strive to lower energy costs for Americans, improve reliability and energy security, and ensure that America is positioned to lead the world in manufacturing the energy products of the future.

Overview of BIL and IRA Energy Provisions

Through the BIL, Congress provided more than \$62 billion for provisions and programs under the purview of the Department of Energy. The BIL requires DOE to stand up 60 new programs – including 16 demonstration and 32 deployment programs – and expands funding for 12 existing Research, Development, Demonstration, and Deployment programs. The BIL breathes life into many programs authorized by the bipartisan Energy Act of 2020, including energy storage demonstration projects, the Advanced Reactor Demonstration Program, carbon capture demonstration and pilot programs, industrial emissions demonstration projects, and more.

In the IRA, Congress invested approximately \$35.5 billion in programs administered by the Department of Energy, including \$8.8 billion for the Home Energy Rebates Program, nearly \$6 billion for industrial decarbonization, and increased loan authority for our Loan Programs Office (LPO) to help bolster burgeoning American innovation.

This longer-term, infrastructure-focused mandate given to the Department by Congress also reflects a departure from other infrastructure packages in recent history – like the American Recovery and Reinvestment Act – which were more focused on shovel-ready projects coupled with research and development initiatives. The impacts of these new BIL and IRA investments will touch every corner of the country through grants, formula funding, rebates, and loan programs that are thoughtfully designed and diligently administered by career civil servants. Awards and selections to negotiate awards are also made by career officials via a merit-based process, with program integrity at the top of mind.

Progress in Implementation

While only a portion of BIL and IRA appropriations will be obligated in Fiscal Years 2022 and 2023, in the 17 months since President Biden signed the BIL into law and the eight months since the enactment of the IRA, DOE has been working expeditiously to get the greatest impact from this historic funding. As of April 10, 2023, the Department has solicited 62 Requests for Information (RFI) for input from the public and real-world actors on BIL and IRA program design and released a total of 69 funding opportunities worth more than \$45 billion in initial investments for BIL and IRA programs. We also conditionally awarded \$1.1 billion in credits for zero-emission nuclear energy generation, made available \$4.25 billion in formula funding to state and local governments and Tribal Nations for energy efficiency and other clean energy projects, and selected for negotiation nearly \$3 billion in awards for battery material processing, manufacturing, and recycling. While continuing to carry out important programs outside of the BIL and IRA's purviews, the Department has built new internal organizational structures and operations to best facilitate the effective and efficient implementation of these laws.

DOE just celebrated the one-year anniversary of our strategic departmental realignment, which created the new Under Secretary for Infrastructure and three new offices – the Grid Deployment Office, the Office of Manufacturing and Energy Supply Chains, and the Office of State and Community Energy Programs. This Under Secretariat also includes the BIL-created Office of Clean Energy Demonstrations (OCED), as well as mission-aligned program offices, like LPO, the

Office of Cybersecurity, Energy Security, and Emergency Response, the Office of Indian Energy Policy and Programs, the Federal Energy Management Program, and the Power Marketing Administrations. This new structure will maximize the effectiveness of BIL and IRA programs and boost DOE's ongoing work to reduce energy costs through low-cost clean energy resources, create jobs and stimulate American manufacturing and industrial competitiveness, increase equity and environmental justice, and support meeting ambitious climate goals.

The strategic realignment is allowing the Department to be nimbler and more responsive in its implementation of the BIL and IRA, and to meet the challenge of implementing these historic pieces of legislation. In addition, these structural changes set DOE up for success in carrying out all of our missions – and to carry them forward for the coming years and decades. The energy transition, which is already well underway, creates a huge opportunity to lower energy costs for American families, boost American manufacturing competitiveness, and maximize community benefits of new energy projects, especially in disadvantaged communities and those that have historically relied on the fossil fuel industry.

To seize this opportunity requires active engagement with the private sector and communities as we deploy and oversee this unprecedented level of Federal clean energy investment, including in some areas and types of activities that are new to the Department. Our strategic realignment optimizes the world-class expertise of our talented staff and maximizes our ability to bring in new talent and skillsets that will serve the American public for decades to come.

We have also partnered with the Department of Transportation to stand up the Joint Office of Energy and Transportation, which aligns resources and expertise across our two departments to reach the President's goal of deploying a network of 500,000 electric vehicle chargers, zero-emission fueling infrastructure, and providing technical assistance for zero-emission transit and school buses.

Out of OCED alone, we have issued nine Funding Opportunity Announcements worth nearly \$18 billion in available funding. DOE has also made \$2 billion available to cover the Government's cost of supporting large-capacity, shared carbon dioxide transportation projects through grants, loans, or loan guarantees to help commercial deployment of carbon management technologies. Further, the Department has opened applications for projects that will strengthen the grid, improve American energy security, reduce energy costs for low-income households, and provide cleaner electricity and fuels, including the first \$3.9 billion tranche of a \$10.5 billion total investment to modernize the electric grid; \$3 billion for weatherization and energy efficiency in homes and businesses, like upgrades to insulation, heating, ventilation, and air conditioning systems, and repair or replacement of windows and doors; \$425 million for the State Energy Program; the first \$80 million of a \$500 million total allocation for upgrading energy infrastructure in public schools; \$250 million to fund state loan programs for energy efficiency upgrades in residential and commercial buildings; and the first \$45 million of a \$225 million total investment to support the implementation of resilient and efficient energy building codes.

Oversight of Programs

Given the scope and magnitude of the Department's responsibility in implementing the BIL and IRA, it is more critical than ever for DOE to conduct stringent oversight of program design and implementation. This will protect the taxpayers' investment and keep program operations running efficiently to ensure that BIL and IRA provisions and initiatives meet goals set forth by Congress and avoid any potential for fraud, waste, or abuse wherever possible.

The first stage of implementation is program design, and in order to take advantage of the extraordinary expertise across DOE, reduce redundancies, and learn lessons from past experiences, our infrastructure team has developed a system of intra-departmental coordination for project and program design, in which staff from across program offices review and provide feedback on programs that are in the development phase.

In addition, the Office of the Under Secretary for Infrastructure has been engaging from day one and will continue to routinely engage with the Office of Inspector General (OIG) to mitigate risks. The Department's OIG plays a critical oversight function in ensuring that new programs mitigate the risk of fraud, waste, and abuse. The OIG has coordinated with Department leadership to review spending plans and has recommended prospective actions that DOE and its program offices can take to best protect taxpayer dollars and program integrity. The OIG will also continue to engage in periodic performance reviews and audits while also responding to complaints and tips on behalf of DOE employees and the general public.

Beginning in January 2022, the Office of the Under Secretary for Infrastructure began engaging with the OIG, on behalf of and in coordination with the program and business offices responsible for implementing the BIL to better understand how DOE could proactively improve its oversight of BIL funding. Through a series of regular meetings, the Office of the Under Secretary and program officials from across the Department, provided transparency to the OIG into DOE plans and activities. In exchange, the Office of the Under Secretary gained insights from the OIG on the latest scams and methods that criminals are using to defraud the government as well as common mistakes that funding recipients make. With this knowledge, DOE is better positioned to maximize the impact of BIL funding and reduce fraud, waste, and abuse.

Over the past 15 months, the Office of the Under Secretary has coordinated 27 meetings with the OIG and DOE program officials to discuss BIL program design plans and implementation activities. These meetings are designed to provide the opportunity for an engaged, open, and transparent conversation about program design, risk mitigation strategies, financial controls, data, and tracking, as well as oversight strategies, best practices, and lessons learned. Topics have ranged from DOE's approach to Build America, Buy America requirements, to how specific BIL provisions are being implemented. These meetings have provided DOE leaders the opportunity to share with the OIG critical process improvements the Department has made over the last decade across multiple program offices to strengthen protections and mitigate risks associated with financial assistance and loan guarantee programs and have helped DOE leaders gain insights and better understand what trends the OIG is seeing with respect to recent investigations and reports.

To that end, the Department appreciates the OIG's prospective considerations for the implementation of the BIL, which came in the form of several Special Reports last year. While these were not the end products of traditional audits – which normally provide the Department

with repeated opportunities to engage with OIG staff and review draft reports and to provide context, suggested factual corrections, and feedback, and which generally contain formal recommendations – they contain and collect helpful historical context and guidance on best practices going forward. Some common tips from across those reports included setting aside sufficient resources for adequate Federal staffing, building out strong internal controls to ensure Government and taxpayer protection, and developing comprehensive policies and procedures to minimize fraud, waste, and abuse in these new programs. Additionally, the U.S. Government Accountability Office (GAO) issued reports in 2021 and 2022 with recommendations on how the Department can refine its internal oversight processes with respect to larger clean energy demonstration projects and those reports have informed both the design of our Office of Clean Energy Demonstrations and its business practices, as well as the Department’s updated approach to demonstration programs.

One key recommendation from the Inspector General relates to adequately staffing the Department to provide critical oversight of funded programs and projects. Accordingly, we have been focused on hiring sufficient staff from day one, particularly on hiring project and program oversight specialists, grant management and contracting specialists, and financial and audit oversight staff to responsibly oversee the tremendous investment Congress has made.

Conclusion

As the Department continues our implementation of investments provided by Congress through the BIL and IRA, we will remain steadfast in our commitment to be responsible stewards of taxpayer dollars and take the proactive steps necessary to prevent fraud, waste, and abuse in our programs. On behalf of the Department, I appreciate the Subcommittee’s interest in this topic and the opportunity to provide testimony before you today. Thank you and I look forward to your questions.