

March 28th, 2012

Subcommittee Ranking Member Rep. Peter Visclosky

"Good afternoon. Dr. Majumdar, it is good to see you again. Mr. Frantz, thank you for taking the time with us today.

"Dr. Majumdar, I will be interested to hear what progress is being made at ARPA-E. As you know, despite my appreciation for the innovative and streamlined project model used by ARPA-E, I have repeatedly shared my concerns regarding your program's potential overlap with other areas of DOE. Many of the activities pursued by ARPA-E are in areas where either DOE's applied programs or the Office of Science are also endeavoring to make progress. I believe that there is a place for competition within the Department, but in an era of scarce funding redundancies must be kept to a minimum. Doctor, I am interested in hearing your approach to coordinating between programs at the Department to ensure that overlap is minimized.

"While the Subcommittee was initially a reluctant supporter of the program, I believe that, given many positive reviews, we should pursue the ARPA-E model long enough to determine if we can get a return that justifies our investment. I genuinely appreciate that, despite still being in its infancy, ARPA-E has terminated under-performing activities and returned the funding to the treasury; I only hope that its diligence is adopted by other programs. Additionally, it would be well if ARPA-E's culture of urgency could be inculcated across the Department.

"Mr. Frantz, the 'Allison Report' recently requested by the White House found that the Federal Credit Reform Act methodology the Department Loan Guarantee Program Office uses was appropriate. Further, using that measure the report estimates that the potential budget impact of the outstanding loans is less than DOE's current estimate and below the loan loss reserve provided by Congress. Your own reestimate confirms this, showing that the total credit subsidy cost of the portfolio went down from 22.5 percent to 13.2 percent, driven primarily by the success of the Ford and Nissan loan guarantees. After looking at the details of the reestimate, there is a particular area of concern that I hope you will address today, loans that have no link to a utility and are primarily projects related to manufacturing. I also am keenly interested in the actions the Department is taking, both through its own initiative and also in response to the recommendations made by the Allison Report.

"Thank you, Mr. Chairman for the time."
