December 4, 2023

The Honorable Teri L. Donaldson
Inspector General
U.S. Department of Energy
Washington, DC 20585

Dear Inspector General Donaldson,

We applaud your oversight of the Department of Energy's (DOE) administration of over $400 billion in green energy loans — which have created, as you wrote, "massive new risks to the taxpayer."[1] The DOE's Loan Program Office (LPO) was almost entirely funded by legislation in the 117th Congress that increased its loan authority by $385 billion taxpayer dollars[2] — a 1000 percent increase in just two years.[3] In your role as Inspector General, we know you share our commitment to oversight of how taxpayer funds are spent, and the House Budget Committee Oversight Task Force requests your assistance to ensure that this loan program, which averages $800 million per loan,[4] is not irresponsibly wasted.

In your testimony before the U.S. Senate Committee on Energy and Natural Resources on October 19, 2023, you highlighted the risks of expanding DOE's loan and grant programs:

> "The current situation brings tremendous risk to the taxpayers — the combination of standing up 72 new Department programs, a real risk of funding entities with foreign ownership or control, and a historic expansion of the Department's loan program. As you know, these loan packages are on an accelerated schedule. One category of loan guarantees worth an estimated $250 billion will expire on September 30, 2026. Another category of loan guarantees worth an estimated $40 billion will expire on the same date—$290 billion over the next 3 years or, put another way, roughly $8 billion per month over the next 36 months. There is no precedent in the Department for this level and pace of financing."

[1]Statement of The Honorable Teri L. Donaldson, Inspector General U.S. Department of Energy before the U.S. Senate Committee on Energy and Natural Resources, Oct 19, 2023, https://www.energy.senate.gov/services/files/A8162B6F-9A80-4AAD-BEEB-9659B409E15C.
[2]Ibid.
[3]A Swaggering Clean-Energy Pioneer, With $400 Billion to Hand Out, May 11, 2023, The New York Times, https://www.nytimes.com/2023/05/11/climate/jigar-shah-climate-biden.html.
[4] DOE's Jigar Shah details the operations of the Loan Programs Office handling IRA funding, Utility Dive, June 22, 2023, https://www.utilitydive.com/news/jigar-shah-loan-program-office-ira-loans/653448/.

The scope and scale of this rush-to-green spending — paired with a three-year timeline to spend most of it — puts these loans at risk for financial mismanagement. However, that is not the only issue. Your testimony went on to highlight another problem:

> "These massive new risks to the taxpayer are occurring in tandem with substantial underfunding of the Office of Inspector General (OIG). Underfunding oversight makes an inherently risky situation much more vulnerable to fraud, waste, and abuse. Without substantially increased resources, the OIG's oversight will be a fraction of what it should be, and it will not include any oversight of many key areas. For example, with current funding, the OIG may only be able to conduct 50 oversight projects pertaining to the $65 billion of grant and financial assistance awards, even though we have determined that more than 400 oversight projects are necessary to protect the taxpayers. Moreover, the OIG will not be able to provide the near-term audit and inspection assistance that the President has specifically requested to minimize the longer-term impacts from the large-scale frauds that often plague Federal programs that provide such funding on an expediated timeline. The current level of OIG funding for oversight is both inadequate and irresponsible."

It is unacceptable that DOE's loan program would expand at such an unprecedented rate, yet the OIG — who provides the oversight of these projects — can only oversee 12.5 percent of funds distributed from the loan program. Even more disconcerting is the fact that this is the same loan office that provided a $535 million loan guarantee to Solyndra — the solar panel company that went bankrupt just two years after receiving taxpayer funds. However, Solyndra was not the only failed green energy project. Other failed projects include:[5]

- Abound Solar - $401 million;
- Calisolar - $280 million;
- Fisker Automotive - $193 million;
- A123 Systems - $132 million; and
- ABB, Inc. - $12.6 million.

These failed green energy projects occurred when the DOE loan office was awarding a couple billion a year to green energy projects. Fast forward to today, the DOE loan office is on pace to spend $96 billion a year on green energy projects.[6] This level of spending makes the program vulnerable to waste, fraud, and abuse. If OIG is only able to provide oversight of 12.5 percent of funding projects, that means 87.5 percent of this program is exposed to funding the next Solyndra. We would like to work together to make sure this over $400 billion dollar loan program has the necessary safeguards and oversight to protect taxpayer dollars.

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[5] "Remembering "Solyndra" – How Many $570M Green Energy Failures Are Hidden Inside Biden's Infrastructure Proposal?" Forbes, April 12, 2021, https://www.forbes.com/sites/adamandrzejewski/2021/04/12/remembering-solyndra--how-many-570m-green-energy-failures-are-hidden-inside-bidens-instructure-proposal/?sh=20df73782672.

[6]Statement of The Honorable Teri L. Donaldson, Inspector General U.S. Department of Energy before the U.S. Senate Committee on Energy and Natural Resources, Oct 19, 2023, https://www.energy.senate.gov/services/files/A8162B6F-9A80-4AAD-BEEB-9659B409E15C.

Accordingly, we ask that you assist the Committee by providing the following information in writing by December 18, 2023:

The Consolidated Appropriations Act of 2023, Inflation Reduction Act, and the Infrastructure Investment and Jobs Act expanded existing DOE authorities for loans and loan guarantees by $385 billion.

- By what amount did each of these three laws increase funding for your office to conduct program oversight?
- Assuming OIG continues to operate at current funding levels, how much of the $385 billion would have to be cut for OIG to perform adequate oversight?
- Assuming the $290 billion in loan authority that expires in less than 3 years is spent in full, what are OIG's immediate and future year funding requirements to provide adequate oversight?
- Will OIG's FY 2025 budget request fully reflect the funding discrepancy between the loan program and oversight requirements?
- Would OIG support reprogramming DOE funds from these laws to provide additional oversight?

On August 24, 2015, the OIG released "Special Report: The Department of Energy's Loan Guarantee to Solyndra, Inc."[7] According to this report, "the Department's due diligence efforts were less than fully effective. At various points during the loan guarantee process, Solyndra officials provided certain information to the Department that, had it been considered more closely, would have cast doubt on the accuracy of certain of Solyndra's prior representations."

- Per the recommendations made in this report, explain what DOE has done — and not done — to address its own review process for loan guarantee decisions.
- Given the current size of the DOE loan program, how much greater is the risk of having another failed Solyndra?
- What rate of loan default does the OIG deem acceptable? Has this rate changed since Solyndra?
- Would OIG support tying the Department's funding for the loan program office directly to the rate of loan default?

Pursuant to Rule X, the Committee on the Budget has jurisdiction over "the budget process generally," including the executive budget process.[8] The Committee's longstanding responsibilities in this area include "ensuring spending and revenue decisions are transparent and effectively carried out by the Executive Branch."[9] This entails the ability to elicit accurate information about expenditures and related matters from the Executive Branch.

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[7]Special Report: The Department of Energy's Loan Guarantee to Solyndra, Inc., Aug 24, 2015, https://www.energy.gov/ig/articles/special-report-11-0078-i.

[8] Constitution, Jefferson's Manual, and the Rules of the House of Representatives of the United States, One Hundred Eighteenth Congress, page 468, https://www.govinfo.gov/content/pkg/HMAN-118/pdf/HMAN-118.pdf.

[9] Authorization and Oversight Plan of the Committee on the Budget 118th Congress, House of Representatives, Committee Jurisdiction and Oversight, https://docs.house.gov/meetings/BU/BU00/20230209/115342/HMTG-118-BU00-20230209-SD002.pdf.

This information is necessary to advance our oversight and to inform potential legislation. Upon receipt of this information and your response, we respectfully request that you provide a staff level briefing to the Committee to discuss the submitted materials and have an open discussion about how to ensure effective oversight over the Department's loan program. Please contact Eric Davis of the Committee staff at 202-226-7270 to schedule this briefing before the Committee as soon as possible but not later than January 8, 2024.

Sincerely,

Jodey Arrington Chairman
House Budget Committee

Jack Bergman
Chair of the Oversight Task Force
House Budget Committee