EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 22, 2024
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 8997 — Energy and Water Development and Related Agencies Appropriations Act, 2025
(Rep. Cole, R-OK)

The Administration strongly opposes House passage of H.R. 8997, making appropriations for energy and water development, and related agencies for the fiscal year (FY) ending September 30, 2025 and for other purposes.

Earlier this year, the Administration and members of both parties in the Congress came together to pass bipartisan appropriations bills to fund programs that keep Americans safe and healthy, invest in education and affordable housing, and build on the economic progress of the past three and a half years. These appropriations bills are consistent with the agreement the President and House Republican leadership reached last year to avoid a first-ever default and protect the President's investment agenda and critical programs from deep cuts, using necessary adjustments to statutory caps.

Rather than respecting their agreement and taking the opportunity to engage in a productive, bipartisan appropriations process to build on last year's bills, House Republicans are again wasting time with partisan bills that would result in deep cuts to law enforcement, education, housing, healthcare, consumer safety, energy programs that lower utility bills and combat climate change, and essential nutrition services.

The draft bills also include numerous, partisan policy provisions with devastating consequences including harming access to reproductive healthcare, threatening the health and safety of Lesbian, Gay, Bisexual, Transgender, Queer, and Intersex (LGBTQI+) Americans, endangering marriage equality, hindering critical climate change initiatives, and preventing the Administration from promoting diversity, equity, and inclusion.

The Administration stands ready to engage with both chambers of the Congress in a bipartisan appropriations process to enact responsible appropriations bills that fully fund Federal agencies in a timely manner.

If the President were presented with H.R.8997, he would veto it.

The Administration would like to take this opportunity to share additional views regarding the House Appropriations Committee's (Committee) version of the bill.

Department of Energy (DOE)

National Nuclear Security Administration (NNSA). The Administration appreciates the Committee's strong support for NNSA. The bill provides critical resources reaffirming congressional commitment to a strong national defense and NNSA's enduring missions. The funding would enable NNSA to execute the weapon modernization program of record, make progress on reconstituting and revitalizing production capabilities, including for plutonium pit production, and respond to deteriorating strategic stability and nonproliferation concerns. The Committee's full funding of the FY 2025 Budget request for Federal Salaries and Expenses would support efforts to provide sufficient people, with the right capabilities, to execute NNSA's growing mission.

Office of Science. The Administration is concerned that the Committee did not fully fund the Office of Science at the FY 2025 Budget request level of $8.6 billion. The proposed funding level would limit the Office's ability to deliver future scientific breakthroughs that advance new energy technologies, yield new businesses, new jobs, and make significant contributions to the economy and national security of the United States.

Office of Energy Efficiency and Renewable Energy (EERE) Topline. The Administration strongly opposes the significant reduction to EERE which, at $2.0 billion, is nearly $2 billion below the FY 2025 Budget request and $1.5 billion below the FY 2024 enacted level. Such a reduction would raise costs for consumers and seriously degrade research and development across transportation, renewable, and efficiency programs ranging from wind and solar to buildings, vehicles, and manufacturing. The Administration also opposes the bill's reallocation of over $800 million in unobligated balances, which would undermine critical Infrastructure Investment and Jobs Act (Bipartisan Infrastructure Law) programs. The bill would prevent more than 55,000 low-income households from receiving assistance to reduce energy bills and carbon emissions through clean energy retrofits and would slow down the equitable transition to a clean energy economy.

Office of Nuclear Energy. The Administration recognizes the Committee's support for base programs in the Office of Nuclear Energy, which are funded at $1.9 billion, $300 million above the FY 2025 Budget request and $100 million above the FY 2024 enacted level. However, the Administration strongly opposes amendments to the Bipartisan Infrastructure Law and the Inflation Reduction Act that would redirect nearly $9 billion across FY 2025 and FY 2026 intended to support broad clean energy infrastructure deployment, including nuclear projects, through the Title 17 Clean Energy Financing program, the Carbon Dioxide Transportation Infrastructure Program, and various nuclear programs to instead fund just nuclear demonstration projects. The Administration also opposes reductions to Integrated Waste Management System funding, which is $28 million below the FY 2025 Budget request and would hamper interim storage efforts.

Loan Programs Office. The Administration opposes the recission of $260 billion of Title 17 loan limitation and the $1.5 billion in credit subsidy from the Carbon Dioxide Transportation Infrastructure Finance and Innovation program—section 40304 of the Bipartisan Infrastructure Law). This program would help expand carbon dioxide (CO_2) transportation infrastructure to help reduce CO_2 emissions across the United States. The pipeline of active eligible Title 17 applications exceeds available loan limitation, which would make rescinding this authority short sighted. Preventing $260 billion in Government capital deployment, which would leverage billions more in private capital for clean energy projects, including nuclear projects, across the Nation just to support no more than four advanced nuclear reactor demonstration projects is not in the best interest of the Nation.

Office of Energy Justice and Equity (EJE). The Administration strongly opposes the defunding of EJE and the language provisions prohibiting the use of funds to implement the Justice40 Initiative and the DOE Equity Action Plan. The elimination of EJE would hurt the Department's ability to gauge the socioeconomic impacts of its activities, partner with Minority-Serving Institutions and minority business enterprises, and reduce the energy burden of underserved and disadvantaged communities. Prohibiting broader justice and equity efforts would perpetuate the historical disparities that exist for communities marginalized by underinvestment and overburdened by pollution.

Office of Clean Energy Demonstrations (OCED) Topline. The Administration is concerned that the OCED is only funded at $27 million for program direction, which is $152 million below the FY 2025 Budget request and $22 million below the FY 2024 enacted level. This level of funding would jeopardize the long-term oversight of over $26 billion in Bipartisan Infrastructure Law and Inflation Reduction Act demonstration projects. Without new programmatic funding for OCED, the ability of the United States to out-innovate counties such as the People's Republic of China on next-generation energy technologies would be severely hampered. Specifically, the Department would not be able to fund demonstration projects that identify community scale clean energy solutions to mitigate the impacts of extreme heat on underserved and overburdened communities.

Office of Critical and Emerging Technologies. The Administration is concerned about the lack of funding and the provision of a new account for the Critical and Emerging Technologies office, given the importance of coordinating efforts for research, development and other activities related to artificial intelligence (AI), machine learning, quantum computing, microelectronics, semiconductors, and other technologies. The Office is particularly vital to promoting the safe and secure development and deployment of AI.

Uranium Enrichment Decontamination and Decommissioning Fund (UED&D Fund). The Administration is concerned that the bill does not include a defense contribution to the UED&D Fund. The Administration opposes the shift of the budgetary costs for cleaning up facilities primarily used in nuclear weapons production from the defense function to non-defense. The Administration urges the Congress to adhere to historical practice and the principle of the polluter pays by ensuring these budgetary costs are appropriately shared between both functions.

Federal Energy Regulatory Commission (FERC) Liquefied Natural Gas (LNG) Authority. The Administration strongly opposes section 315 of the bill, which would amend the Natural Gas Act to remove the DOE's responsibilities over natural gas exports and instead mandate that the FERC automatically deem all LNG export applications to be consistent with the public interest. This mandate would undermine the ability to evaluate whether applications for the export of LNG are aligned with U.S. economic, foreign policy, and environmental interests and leaves no meaningful oversight on natural gas export levels. In addition, this would not address instances where natural gas is exported from infrastructure that does not undergo review by FERC.

Energy Efficiency Rules. The Administration strongly opposes the inclusion of language in the bill preventing the DOE from enforcing energy efficiency standards for consumer conventional cooking products, distribution transformers, room air conditioners, and manufactured housing. These standards have already saved consumers an estimated $1 trillion on utility bills through 2020, with an average household currently saving $321 each year on bills as a result. The Administration is working to issue updated standards that could deliver an additional $1 trillion in savings over 30 years.

Energy Storage Systems. The Administration opposes the inclusion of language in the bill preventing the DOE from applying a categorical exclusion from the National Environmental Policy Act (NEPA) for energy storage systems. This provision would increase the time and cost of deploying Federal funds to improve grid resilience, with predictable negative results to the reliability and affordability of grid services during NEPA reviews.

Bonneville Power Administration. The Administration objects to section 513 of the bill, which limits the use of funds for the Columbia River Restoration Initiative set forth in the Memorandum of Understanding dated December 14, 2023. This provision would impede the Bonneville Power Administration's ability to advance the President's restoration goals announced in the Presidential Memorandum dated September 27, 2023. In addition, the language could limit Bonneville's ability to work with all regional stakeholders on a variety of energy matters including potentially limiting long overdue infrastructure investments.

DOE's Office of the Inspector General (OIG). The Administration appreciates the Committee's inclusion of oversight funding for the Puerto Rico Energy Resilience Fund. However, the Administration is concerned that the OIG is funded only at $100 million, $49 million below the FY 2025 Budget request and $14 million above the FY 2024 enacted level. The Administration urges the Congress to fund DOE's OIG consistent with the President's FY 2025 Budget request, which would allow OIG to identify potential fraud and mismanagement in DOE's ongoing programs.

Corps of Engineers (Corps)

Office of the Assistant Secretary of the Army for Civil Works. The Administration is disappointed the bill fails to include the requested increase for the Office of the Assistant Secretary of the Army for Civil Works. The funding level for this office has been static for over 15 years and is no longer sustainable. Continuing to fund this account at $5 million further degrades the policy oversight and supervision of the civil works program.

Northwest Salmon Recovery. The Administration appreciates the Committee's inclusion of the FY 2025 Budget request level for the Columbia River Fish Mitigation program, the Albeni Falls Dam, Fish Passage, ID project, and the Corps operation and maintenance activities relating to the salmon recovery efforts in the Columbia River Basin.

Poison Pill Provisions. The Administration objects to sections 109, 110, 111, 112, 511, and 512 of the bill. Section 109 would prohibit the Corps, without express authorization by the Congress, from using its funds to revise the eligibility requirements for rehabilitation assistance after a flood under the Public Law 84-99 program. Section 110 would prohibit the Secretary of the Army from promulgating or enforcing any regulation that prohibits an individual from possessing a firearm at a water resources development project. Section 111 would prohibit the use of the funds made available by this Act to modify or amend the final rules entitled "Reissuance and Modification of Nationwide

Permits," (86 Fed. Reg. 2744) and "Reissuance and Modification of Nationwide Permits," (86 Fed. Reg. 73522). Section 112 would prohibit the use of the funds made available by the Act to enforce or implement section 370 of Public Law 116-283 regarding the removal of all names that honor or commemorate the Confederate States of America. Section 511 would prohibit the use of funds to finalize any rule or regulation that meets the definition of section 804(2)(A) of title 5, United States Code. In addition, section 512 would make it more difficult for the Federal Government to value ecosystem services—such as how wetlands can help filter water and provide protection against extreme flooding—and thereby impede policy solutions that offer cost-effective environmental protection. This provision would also interfere with the Administration's ability to better measure the economic value that the Nation's natural assets—such as the America's forests, fisheries, and waterways—provide to the Nation.

<u>Department of the Interior, Bureau of Reclamation, and Central Utah Project</u>

Overall Funding. The bill provides $1.9 billion to the Bureau of Reclamation and $23 million to the Central Utah Project. The Administration appreciates the Committee's robust funding for the Bureau of Reclamation and the Central Utah Project.

Indian Water Rights Settlements. The Administration appreciates the Committee's inclusion of the requested funding for the White Mountain Apache Indian Water Rights Settlement and calls on the Congress to enact the Administration's proposal for $2.8 billion in mandatory funding for ongoing and future settlements.

Central Valley Project. The Administration opposes section 206 of the bill, which would direct that California's Central Valley Project and the California State Water Project be operated under the previous administration's rules, which would further threaten endangered species.

Shasta Reservoir Enlargement Project. The Administration objects to provisions in the bill which would expand eligibility of Bipartisan Infrastructure Law funding and the Water Infrastructure Improvement for the Nation Act water storage project funding that could potentially include the Shasta Dam and Reservoir Enlargement project. Expanding eligibility could reduce resources for other projects that are already planned.

<u>Other Policy Provisions</u>

The Administration strongly opposes provisions in the bill that would prohibit implementation of the Administration's equity agenda, represent opposition to marriage equality, restrict educational opportunity, and limit the Government's ability to respond to COVID-19, if needed. These provisions restrict freedom, limit economic opportunity, and make it harder to ensure that programs funded through this bill serve those who need help the most. Specifically, the prohibition on implementing the President's equity-related Executive Orders would lead to greater energy burdens, reduced energy reliability, and lower access to clean energy for underserved and disadvantaged communities.

Constitutional Concerns

Certain provisions of the draft bill raise separation of powers concerns, including by conditioning the Executive authority to take certain actions on receiving the approval of the House and Senate Committees on Appropriations. The Administration looks forward to working with the Congress to address these and other concerns.

The Administration looks forward to working with the Congress as the FY 2025 appropriations process moves forward.

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