



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

July 9, 2014
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4923 — Energy and Water Development and Related Agencies

Appropriations Act, 2015

(Rep. Rogers, R-Kentucky)

The Administration strongly opposes House passage of H.R. 4923, making appropriations for energy and water development and related agencies for the fiscal year ending September 30, 2015, and for other purposes. The bill significantly underfunds critical investments that develop American energy sources to build a clean and secure energy future, support the emerging clean energy technologies that create high-quality jobs, and enhance the Nation's economic competitiveness. The legislation also excessively restricts nonproliferation contracts with Russia and prevents the development of lower cost technologies for disposal of excess plutonium. Further, the bill includes objectionable environmental riders that would prevent the use of funds to address known deficiencies and regulatory uncertainties related to Clean Water Act regulations that protect important aquatic resources while supporting economic development. If the President were presented with H.R. 4923, his senior advisors would recommend that he veto the bill.

The Administration looks forward to working with the Congress on an orderly appropriations process that supports economic growth, opportunity, and our national security while avoiding unnecessary fiscal crises that hold the Nation's economy back. This process should include reconciling funding levels for individual appropriations bills to promote economic growth and national security, and passing bills without ideological provisions that could undermine an orderly appropriations process.

The President's fiscal year (FY) 2015 Budget provides a roadmap for making investments to accelerate economic growth, expand opportunity for all hard-working Americans, and ensure our national security, while continuing to improve the Nation's long-term fiscal outlook. At the same time, the Budget takes key steps to both continue and enhance the Administration's efforts to deliver a Government that is more effective, efficient, and supportive of economic growth.

The President's Budget adheres to the FY 2015 spending levels agreed to in the Bipartisan Budget Act (BBA) and shows the choices the President would make at those levels. However, the levels agreed to in the BBA are already below FY 2007 funding levels adjusted for inflation and are not sufficient—either in FY 2015 or beyond—to ensure the Nation is achieving its full potential. For that reason, the Budget also includes a fully paid for Opportunity, Growth, and Security Initiative—evenly split between defense and non-defense priorities—that presents additional investments to grow the economy, expand opportunity, and enhance security. The Opportunity, Growth, and Security Initiative would support a number of investments, including additional applied research to accelerate the development and deployment of new energy efficiency and renewable energy technologies; a Race to the Top for Energy Efficiency and Grid

Modernization that would incentivize States to increase energy productivity and improve grid reliability and resilience; research into breakthrough technologies; and local planning assistance that would help communities better prepare for the effects of climate change. The Administration looks forward to working with the Congress to fund critical programs that promote advances in clean energy, improve energy security, and enhance preparedness and resilience to climate change.

The Administration would like to take this opportunity to share additional views regarding the Committee's version of the bill and urges the Congress to resolve the issues raised below during the FY 2015 appropriations process.

Department of Energy (DOE)

Office of Energy Efficiency and Renewable Energy. The Administration strongly objects to the funding level of \$1.8 billion provided in the bill for renewable energy, sustainable transportation, and energy efficiency programs, a \$546 million reduction below the FY 2015 Budget request. This reduced funding level will stifle Federal investment in innovative clean energy research and development (R&D) at a time of significant global competition and progress. The Administration is also disappointed that the bill does not include transfer language to support joint efforts with the Navy and the Department of Agriculture to develop advanced drop-in biofuels for military applications, a provision included in the FY 2014 enacted bill. The Administration appreciates the support for offshore wind technology demonstrations and for the Clean Energy Manufacturing Innovation Institutes.

Advanced Research Projects Agency-Energy (ARPA-E). The Administration urges the Congress to fully fund the FY 2015 Budget request for ARPA-E at the level of \$280 million. The \$45 million reduction from the FY 2015 Budget request would impact investments and delay improvements in technologies that reduce energy-related emissions, increase energy efficiency across multiple economic sectors, and reduce energy imports.

Environmental Management. The Administration appreciates support for cleanup activities funded at \$5.6 billion.

Uranium Enrichment Decontamination and Decommissioning Fund. The Administration opposes the elimination of appropriations for the contribution to the Uranium Enrichment Decontamination and Decommissioning Fund. The Administration's proposal to reauthorize the Fund relies on this funding to address the significant shortfall in resources allocated for cleanup of shutdown uranium enrichment plants that supported nuclear weapons production and commercial power generation.

Office of Science. The Administration urges the Congress to fully fund the FY 2015 Budget request for the Office of Science. The \$40 million reduction from the FY 2015 Budget request would reduce the number of grants to academic investigators and funding for staff at DOE laboratories working on fundamental discovery science and research that underpins advances in clean energy. This reduction would also affect access to world class facilities used by researchers from all sectors to conduct R&D. The bill funds the international fusion project ITER, at a level \$75 million above the FY 2015 Budget request. In light of schedule delays and management reforms underway, the Administration is concerned that the U.S. contributions would outpace the

readiness of the project.

National Nuclear Security Administration (NNSA). The Administration appreciates the Committee's support for the requested funding level for NNSA's Defense Nuclear Nonproliferation and Weapons Activities programs.

Naval Reactors. The Administration strongly objects to the \$162 million reduction to the Naval Reactors program from the FY 2015 Budget request. Together with the \$151 million reduction in the FY 2014 enacted bill, this reduction would continue to put the U.S. Navy's nuclear powered fleet at risk and would jeopardize the program's ability to train nuclear-qualified sailors. The bill also continues to underfund the Spent Fuel Handling Facility Recapitalization Project in Idaho, risking the operational availability of aircraft carriers and submarines and increasing costs to the Department of Defense.

Nuclear Nonproliferation Cooperation with Russia. The Administration strongly objects to the language in the bill that would prevent the use of Defense Nuclear Nonproliferation appropriations for contracts with, or Federal assistance to, the Russian Federation. Nonproliferation cooperation with the Russian Federation is in the U.S. national interest and remains an essential element of the global effort to counter the threat of nuclear terrorism. Critical bilateral nuclear nonproliferation activities are continuing in a number of key areas, such as improving physical protection and reducing insider threats at vulnerable Russian facilities.

Disposition of Weapons-Usable Plutonium. The Administration strongly objects to language that would require the Secretary of Energy to continue construction of the Mixed Oxide Fuel Fabrication Facility. The Administration plans to move the facility into cold stand-by in FY 2015 as it continues to explore the potential for more cost effective alternatives while maintaining the U.S. Government's commitment to disposing of unneeded plutonium.

Strategic Petroleum Reserve. The Administration urges the Congress to strike the language in the bill that prohibits the use of funding to acquire any petroleum product other than crude oil. This provision would hinder the future ability of the Executive Branch to respond effectively to changing circumstances in national and international markets.

Yucca Mountain. The Administration objects to the DOE funding provided in the bill for Yucca Mountain and is disappointed with the Committee's rejection of the practical solutions proposed in the Administration's nuclear waste strategy. As reflected in the FY 2015 Budget request, this strategy incorporates important and workable elements for a successful waste program, such as consent-based siting, interim storage of waste, and program funding reforms that are essential to the success of a Nuclear Waste Program. Similarly, the Administration objects to funding provided in the bill for the Nuclear Regulatory Commission to continue adjudication of the Yucca Mountain license application.

Statutory by Reference Provision. The Administration urges the Congress to strike the language in the bill that incorporates the specific funding directions of the Committee bill report table into the statute by reference. Enactment of this provision would unduly limit the flexibility of the Department to manage programs and projects efficiently.

Corps of Engineers – Civil Works (Corps)

Overall Funding. The bill provides \$5.5 billion for the Corps civil works program, nearly \$1 billion above the FY 2015 Budget request. The FY 2015 Budget focuses on investments that would yield high economic and environmental returns or address a significant risk to public safety. The Administration encourages the Congress to fund the civil works program at the requested level. The funding increase for the civil works program is provided primarily by decreases in other core priorities, including clean energy. The Administration also urges the Congress to permit the Corps to commence new starts in FY 2015.

Office of the Assistant Secretary of the Army for Civil Works. The Administration opposes the Committee's provision of only \$2 million for the Office of the Assistant Secretary of the Army for Civil Works, \$3 million, or 60 percent below the FY 2014 enacted level and the FY 2015 Budget request. Such a significant reduction would impede the ability of the Office of the Assistant Secretary to carry out its mission to oversee execution of the civil works program. This work is critical to ensuring efficient use of taxpayer dollars and effective management of the civil works program in the development, management, and restoration of the Nation's water resources.

Clean Water Act (CWA). The Administration strongly objects to sections 105 and 106 of the bill, which would prevent the use of funds to address deficiencies and regulatory uncertainties related to CWA regulations designed to protect important aquatic resources while supporting economic development. Section 106 in particular would impact an important, ongoing Administration effort to provide regulatory clarity on which water bodies are covered by the CWA, which has been the subject of two Supreme Court cases in which the Court indicated the need for greater clarity regarding the statute's scope.

Firearms Policy. The Administration opposes section 107 of the bill, which prohibits the Corps from enforcing its ban on firearms on Corps lands. If enacted, this provision would prevent the Secretary of the Army from using the discretion now provided in law to enforce or revise the current Corps policy, based on consideration for public and employee safety, the security of critical infrastructure, and the manner in which the firearm is carried (e.g., open vs. concealed). Corps rangers are not authorized to carry firearms and do not have Federal law enforcement authority.

Department of the Interior, Bureau of Reclamation and Central Utah Project

Overall Funding. The bill provides \$957 million for the Bureau of Reclamation and the Central Utah Project, \$29 million below the FY 2015 Budget request. While the Administration appreciates the Committee's support for the Bureau of Reclamation water resources program, including its support for water conservation funding that is even more critical during this period of extreme drought, the Administration urges the Congress to restore funding for the San Joaquin River Restoration and Policy and Administration.

San Joaquin River Restoration. The Administration strongly opposes the Committee's elimination of funding for this program, which would undermine the San Joaquin River Restoration Settlement's goals to restore and maintain fish populations and reduce or avoid water supply impacts. This restoration program is a multi-year effort that is integral to the implementation of Federal legislation that settled 18 years of litigation. The Congress has

provided funding each year since authorizing, and the Administration urges the Congress to provide FY 2015 funding for this Administration priority at the level requested.

Policy and Administration. The Administration objects to the \$5.7 million, or 10 percent, reduction in funding from the FY 2015 Budget request for Reclamation's Policy and Administration account. The FY 2015 Budget already proposed a reduction of \$500,000 in recognition of budget constraints. The Committee's additional reduction would significantly impair Reclamation's ability to conduct oversight, manage the agency effectively, and be responsive to the Congress and the American public.

Central Utah Project (CUP). The Administration urges the Congress to consolidate the CUP into the Bureau of Reclamation as requested in the FY 2015 Budget. The consolidation would simplify many administrative, budgeting, and reporting tasks while not adversely affecting project performance.

The Administration looks forward to working with the Congress as the FY 2015 appropriations process moves forward.

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