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EESI Budget Analysis

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DOE Energy Efficiency and Renewable Energy FY 2007 Budget: Geothermal, Hydropower Zeroed Out; Many Energy Efficiency Programs Cut

WASHINGTON, D.C. – *Carol Werner, Executive Director of the Environmental and Energy Study Institute (EESI), issued the following statement on the release of the president's FY 07 budget for the U.S. Department of Energy:*

In signing the Energy Policy Act of 2005 (EPACT) on August 8, 2005, President Bush said EPACT “is strengthening America's electrical infrastructure, reducing the country's dependence on foreign sources of energy, increasing conservation, and expanding the use of clean renewable energy.” In his January 31 State of the Union address, President Bush announced his Advanced Energy Initiative and said “the best way to break the addiction to foreign oil is through new technology,” and gave a call to “dramatically improve our environment.” **The funding priorities reflected in the President's FY 07 budget appear in conflict with these goals of energy independence, renewable energy development, energy conservation, and environmental improvement.** The President's budget is not consistent—given the volume of voices and concerns about energy security, the huge bills residential and business consumers face, loss of economic competitiveness, environmental degradation, and rising greenhouse gas emissions—with his stated goals.

The U.S. Department of Energy (DOE) Energy Efficiency and Renewable Energy (EE/RE) program should play a critical role in reducing energy import dependence while protecting the environment by developing and promoting energy efficiency and renewable energy technologies. The President's FY 07 budget request for DOE's EE/RE programs is **\$1.18 billion** (less than five percent of the DOE budget)—**essentially flat with FY 06 appropriations** and five percent below FY 05 appropriations. Although there are significant increases for solar PV and biomass, the flat funding for DOE's energy efficiency and renewable energy technology investments masks several cuts in effective energy efficiency programs and zeroes out investments in geothermal and hydropower technology.

EPACT authorizes a total of **\$3.8 billion** for DOE EE/RE programs in FY 07. This very substantial increase for energy efficiency and renewable energy investments came about because of Congressional concern about energy. Citing the rise in national energy prices and America's reliance on vulnerable energy resources, a **bipartisan coalition** of 126 House Members and 32 Senators urged the President to fully fund EE/RE programs at levels authorized by EPACT. In addition, the coalition called for retaining core DOE EE/RE programs, including advanced hydropower, geothermal, buildings, industry and vehicle efficiency programs.

The President's FY 07 budget request includes:

- **Zeroing out** the Geothermal Program (**cut from \$23.1 million** in FY 06)
- **Zeroing out** the Hydropower Program (**cut from \$0.5 million** in FY 06)
- **Zeroing out** the Solar Heating and Lighting Program (**cut from \$1.5 million** in FY 06)
- **Zeroing out** the Building Codes, Training and Assistance Program (**cut from \$4.5 million** in FY 06)
- **\$78.4 million cut** in Weatherization Assistance (**32% cut** from FY 06 appropriations)
- **\$40.7 million cut** in Electricity R&D (**30% cut** from FY 06 appropriations)
- **\$31.0 million cut** in Distributed Energy Resources (**51% cut** from FY 06 appropriations)
- **\$11.3 million cut** in Industrial Technologies (**20% cut** from FY 06 appropriations)
- **\$7.2 million cut** in Industries of the Future (**30% cut** from FY 06 appropriations)
- **\$3.5 million cut** in Clean Cities (**45% cut** from FY 06 appropriations)
- **\$2.4 million cut** in Industrial Assessment Centers (**37% cut** from FY 06 appropriations)
- **\$1.3 million cut** in Rebuild America (**34% cut** from FY 06 appropriations)

(over)

The President's request of **\$1.18 billion** for DOE EE/RE programs is **less than one-third (31%)** of EPACT FY 07 authorizations for these programs. The lack of full funding of the EE/RE provisions of EPACT is not consistent with the stated goals of President Bush's plan. Furthermore, there are a variety of important provisions authorized in EPACT **that are not addressed** in the President's FY 07 budget request. These include: a **\$50 million** appliance rebate program that would help consumers save energy; a **\$30 million** energy efficient public building program that would help schools and other public buildings save energy; a **\$25 million** state building code incentives program that is critical in providing energy guidelines for long-lifetime investments in energy-saving buildings; a **\$90 million** public information initiative to inform consumers of the need to and benefits of reducing energy consumption; a **\$10 million** national assessment of renewable energy resources; a **\$150 million** residential and small business renewables rebate to encourage consumers to invest in renewable energy; a **\$200 million** advanced vehicle pilot program to develop alternate fuel, hybrid, and fuel cell vehicles; and **\$5 million** for a biodiesel engine testing program to determine the emissions and reliability impacts of biodiesel use.

Support for the EE/RE provisions of EPACT is vital to meet the nation's energy needs in a safe, economic and environmentally sustainable manner. The table below compares the President's FY 07 budget request to FY 05 and FY 06 appropriations for DOE's Office of Energy Efficiency and Renewable Energy.

DOE Energy Efficiency and Renewable Energy Budget: FY 2005-2006 Appropriations and FY 2007 Budget Request			
Energy Supply and Conservation (dollars in thousands)	FY 2005 Appropriation	FY 2006 Appropriation	FY 2007 Budget Request
Biomass and Biorefinery Systems R&D	87,471	90,718	149,687
Geothermal Technology	25,256	23,066	0
Hydrogen Technology ⁽¹⁾	166,772	155,627	195,801
Hydropower	4,880	495	0
Solar Energy	84,255	83,113	148,372
Wind Energy	40,631	38,857	43,819
Facilities and Infrastructure	11,389	26,052	5,935
Program Support (RE)	16,837	13,321	10,930
Building Technologies ⁽²⁾	65,155	69,266	77,329
Distributed Energy Resources (DER) ⁽³⁾	59,069	n/a ⁽³⁾	n/a ⁽³⁾
Federal Energy Management Program	19,882	18,974	16,906
Industrial Technologies	73,371	56,855	45,563
Vehicle Technologies	161,326	182,104	166,024
Weatherization Assistance Program Grants	228,160	242,550	164,198
State Energy Program Grants	44,176	35,640	49,457
State Energy Activities	2,320	495	0
Gateway Deployment	33,930	25,400	0
International Renewable Energy Program	6,449	3,871	2,473
Tribal Energy Activities	5,457	3,960	3,957
Renewable Energy Production Incentive	4,960	4,950	4,946
Program Direction (EE)	98,215	98,529	91,024
Use of prior year balances	-5,648	0	0
Total, Energy Supply and Conservation	1,234,313	1,173,843	1,176,421

(1) Fuel Cell Technologies combined with Hydrogen Program in FY 06.

(2) Building codes and Gateway Deployment activities are now included in this program.

(3) DER moved to the Office of Electricity Delivery and Energy Reliability in FY 06. The Energy & Water Conference Report (HRept. 109-275) appropriated \$60.7 million for the DER activities, making the President's FY 07 request of \$29.6 million a **51% cut** from FY 06 appropriations.

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