Reduce Office of Fossil Energy (FE) Funding

#28

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$341	$342	$343	$347	$355	$363	$371	$381	$388	$395	$1,728	$3,626

Heritage Recommendation:
Reduce funding for the Office of Fossil Energy (FE). This proposal saves $341 million in 2016, and $3.6 billion over 10 years.

Rationale:
Most of the funding for fossil-energy research and development focuses on technologies that will reduce carbon dioxide emissions and are activities that the private sector should carry out. The FE spends money on a clean-coal power initiative, on fuels and power systems to reduce fossil power plant emissions, innovations for existing plants, integrated gasification combined cycle (IGCC) research, advanced turbines, carbon sequestration, and natural gas technologies. Part of the DOE's strategic plan is to bring down the cost and increase the scalability of carbon and capture sequestration.

By attempting to force government-developed technologies into the market, the government diminishes the role of the entrepreneur and crowds out private-sector investment. This practice of the government picking winners and losers denies energy technologies the opportunity to compete in the marketplace, which is the only proven way to develop market-viable products. When the government attempts to drive technological commercialization, it circumvents this critical process. Thus, almost without exception, it fails in some way.

Congress should eliminate these programs while keeping the funding necessary to maintain the Strategic Petroleum Reserve (SPR) and Naval Petroleum and Elk Hills School Lands Fund. Congress should explore selling off SPR over time in a way that maintains cooperation under international agreements and meets any relevant national security requirements.

Additional Reading:
- Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 23, 2012, http://www.Heritage.org/research/reports/2012/03/department-of-energy-budget-cuts-time-to-end-the-hidden-green-stimulus.

Calculations:
Savings are expressed as budget authority and were calculated using the CBO baseline and by comparing the FY 2014 spending level to the Heritage-proposed spending level of $222.7 million (increased to $226 for inflation through 2014) as found on page 16 of Nicolas Loris, "Department of Energy Budget Cuts: Time to End the Hidden Green Stimulus," Heritage Foundation *Backgrounder* No. 2668, March 26, 2012, http://thf_media.s3.amazonaws.com/2012/pdf/bg2668.pdf. The FY 2014 funding level of $562.1 million can be found on page 105 of House of Representatives, 113th Congress, 2nd Session, "Energy and Water Development Appropriations Bill, 2015," http://appropriations.house.gov/uploadedfiles/hrpt-113-hr-fy2015-energywater.pdf. Both spending levels were increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections. The savings represent the difference between the two policies.