

October 12, 2021

The Honorable Charles Schumer
Majority Leader
U.S. Senate
S-221 Capitol Bldg.
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
S-230 Capitol Bldg.
Washington, DC 20510

The Honorable Joe Manchin III
Chairman
Senate Committee on Energy and
Natural Resources
304 Dirksen Senate Office Building
Washington, DC 20510

The Honorable John Barrasso
Ranking Member
Senate Committee on Energy and
Natural Resources
304 Dirksen Senate Office Building
Washington, DC 20510

Dear Majority Leader Schumer, Minority Leader McConnell, Chairman Manchin, and Ranking Member Barrasso,

The undersigned organizations express their strong support for creating the Office of Clean Energy Demonstrations (OCED) at the U.S. Department of Energy and commend you for your work to establish and fund this new office in the Infrastructure Investment and Jobs Act (IIJA) (H.R. 3684). To ensure the country transitions to a clean energy economy, wins the international energy innovation race, and mitigates the worst effects of climate change, a broad array of new, effective, reliable, and affordable technologies must be brought to the market. The OCED would play a critical role in the commercialization of new energy technologies by implementing a more coordinated and efficient approach to large-scale, cost-shared demonstrations. In fact, demonstration investments of the scale authorized and appropriated in IIJA for the OCED are estimated to add over 40,000 jobs and nearly \$5 billion in GDP to the American economy annually.¹

To ensure proper stewardship of taxpayer dollars, it is essential to create a well-structured and managed office, with appropriate performance targets. To achieve this, the undersigned organizations recommend the following eight management principles for the new OCED:

1. **Focus on large-scale demonstration:** The OCED should focus on very large and complex projects that seek to validate the cost and performance characteristics of technologies and systems at commercial scale. Candidates for support should:
 1. Be on the last step before commercial application (i.e., equipment is at or ready to scale to commercial scale and project is fully integrated) and therefore proven on a smaller scale or in different commercial applications; and able to provide critical information needed by stakeholders, especially the private sector, to move a technology to a commercial application;
or
 2. Require high levels of investment to achieve commercial scale, generally more than \$25 million in combined federal and non-federal funding over the life of the project.
2. **Private Sector Management Expertise (Human capital):** The OCED must have a mix of technical, financial, and project management experience. It should include long-term career employees with DOE or other federal government experience, as well as short-term employees with specific technology, financial, or private sector expertise.

¹ "How to create over 1 million jobs while advancing climate goals." Third Way, March 25, 2021. <https://www.thirdway.org/memo/how-to-create-over-1-million-jobs-while-advancing-climate-goals>.

3. **Project Management Responsibility (Internal Process, Policy, and Structure):** The OCED should solicit, select, and manage demonstration projects – owning the full lifecycle.
4. **Technologies:** The OCED should be technology inclusive, and it should focus on any clean energy technology that needs to be demonstrated at a large-scale and could feasibly play a significant role in achieving net zero emissions by 2050. When assembling its portfolio, OCED should consider energy technologies with applications across sectors, including power, transportation, buildings, and industry.
5. **Strong Stakeholder Engagement:** The OCED should have its own stakeholder engagement function. It should engage a diverse set of industry, technical, finance, NGO, labor, and community stakeholders. Specifically, disadvantaged and frontline communities must be involved in shaping projects and gain the benefits of the demonstration of new technologies, while mitigating any local impacts.
6. **Private Sector Engagement:** Enhanced private sector collaboration and coordination should be a priority of the OCED. This should include engagement with the end users of these technologies to ensure that there is truly a commercial application.
7. **DOE Coordination:** The OCED should coordinate across DOE and with specific Applied Program offices.
8. **Independence in Project Selection and Management:** The OCED should be as transparent as possible and should be accountable to Congress and DOE senior leadership, but the selection process should be based on merit and free from political interference.

The above principles are based on several discussions with current and former executive branch officials and numerous reports on the federal government’s current approach to large-scale demonstration. Increased private sector engagement and the use of private sector management practices along with a well-coordinated and commercialization focused office that owns the full lifecycle of a demonstration project should alleviate previous barriers to the commercial application of new energy technology. Additionally, strong stakeholder engagement, cross-agency collaboration, and independent and transparent processes will ensure the OCED meets the social, economic, and environmental challenges of the country while encouraging appropriate risk-taking as a necessary part of the innovation process.

As you continue your legislative agenda for the 117th Congress, we hope that you use these bipartisan management principles to strengthen, focus, and effectively construct the Department of Energy’s Office of Clean Energy Demonstrations. Please don’t hesitate to reach out to any of us if you would like more information.

Sincerely,

BPC Action
Clean Air Task Force
ClearPath
Environmental Defense Fund

Information Technology and Innovation Foundation
Nuclear Innovation Alliance
Third Way