Energy Bill Provision Aims to Circumvent the Constitution

Article I, Section 9, Clause 7 of the U.S. Constitution states that, “No money shall be drawn from the Treasury except for in consequence of appropriations made by law.” This gives Congress the explicit power of the purse and represents one of the most powerful checks on the federal bureaucracy. Through the annual budget process, Congress utilizes its prerogatives over spending to provide critical direction and oversight over federal agencies. Without this tool, many of the government’s programs would simply operate on auto-pilot without budget or staffing constraints or policy direction.

The nuclear power industry and its allies in Congress are attempting to circumvent this Constitutional prerogative in order to gain lucrative subsidies for their industry. These subsidies come in the form of low-risk loan guarantees for expensive new nuclear projects that they are trying to exempt from the safeguards and requirements typically associated with federal credit programs.

Senate Energy Bill Would Take the Lid off Nuclear Loan Guarantee Funding

Under current law Congress must specifically provide funding for federal loan guarantees. Under a provision in the Senate energy bill (H.R.6), however, the Congress would no longer have authority to limit the amount of loan guarantees. This would allow the Department of Energy (DOE) to dole out tens of billions of taxpayer dollars in loans without any congressional oversight or fiscal restraint. The stakes for taxpayers are high.

Rep. Pete Visclosky (D-IN) the Chairman of the House Energy & Water Appropriations Subcommittee which has jurisdiction over the Department of Energy’s budget stated in a recent debate on the House floor,

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\text{The request for guaranteed loans from the Nuclear Energy [Institute], subsidized by the Federal Government, is very large. It overwhelms what the [Energy and Water Appropriations] bill provides for the entire energy community. The administration had asked for a total of $4 billion for the nuclear energy industry and the coal industry. This does not come close to what the Nuclear Energy [Institute] has indicated they need. The Nuclear Energy [Institute]a need for $25 billion in Federal guaranteed loans for fiscal year 2008 and more than that in fiscal year 2009.}
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With no Congressional oversight, U.S. Taxpayers Will Bear the Risk

Not only is the cost to the taxpayers potentially very high, so is the risk. The Congressional Budget Office has found that there is a good chance that the DOE will underestimate the costs of administering these loans. If the industry-sponsored loophole is enacted into law, U.S. taxpayers will be fully liable for any potential shortfalls. If nuclear power is determined to be a national priority then federal subsidies for the industry should be subject to annual congressional oversight. The stakes are too high and price too large to allow industry’s allies in Congress to create loopholes that put the industry’s bottom line above the interests of U.S. taxpayers.