



**John Gage**  
National President

**J. David Cox, Sr.**  
National Secretary-Treasurer

**Augusta Y. Thomas**  
National Vice President for  
Women and Fair Practices

January 11, 2012

The Honorable Dr. Stephen Chu  
Secretary of the Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

The Honorable Jack Lew  
Director of the Office of Management and Budget  
725 17<sup>th</sup> Street, NW  
Washington, DC 20502

Gentlemen:

I am deeply concerned about the ability of the U.S. Department of Energy (DOE) to ensure that America meets its energy challenges, maintains its economic competitiveness, and returns to the path of strong job growth that pays middle class wages. That is why I am urging you to request funding to ensure robust programs for the DOE's Office of Fossil Energy and the National Energy Technology Laboratory (NETL) for Fiscal Year (FY) 2013.

Our nation needs robust Fossil Energy Research and Development (R & D) Programs because these programs have a proven track record of creating private sector jobs, increasing global competitiveness, strengthening our Nation's energy independence and security, and improving environmental conditions, including conditions leading to global climate changes.

Fossil energy powers this great nation and the world. This will continue to be the reality for years to come. The American economic engine and a wide array of industries rely extensively on clean, reliable energy produced by fossil energy sources. The Energy Information Administration's Annual Energy Outlook 2011 base case analysis predicts that coal, oil, and natural gas will continue to supply nearly 78% of America's primary energy needs for more than 25 years into the future. Given these projections, it is in our best interest to invest in research that will have the greatest return in jobs, lowered energy costs to consumers, enhanced energy security, and significant environmental gains.

The benefits provided by DOE's Fossil Energy Research and Development Programs have been assessed by internationally recognized energy experts who have identified that more than 60 thousand jobs have been created annually from the Fossil energy programs and that the cumulative economic benefits by 2020 will be more than 13 to 1 (benefit to cost) when considering the DOE investment in these programs.

Conversely, the void left by the underfunding of these programs would be enormous, both in terms of jobs and in our nation's future economic competitiveness. NETL manages a broad research portfolio within the Office of Fossil Energy, which spans nearly every state, hundreds of congressional districts, and a total research investment exceeding \$9 billion. Since this research portfolio affects all geographic parts of the country and actively involves private industry, universities and other research partners, cuts to the FE/NETL budget would have serious negative impacts far beyond NETL. This would essentially cripple Fossil Energy R&D, threaten future U.S. electrical capacity, and negatively impact jobs and the economy in coming years. In tough times such as these, our nation can ill afford to allow this to happen.



Despite these facts, the Administration proposed reducing Fossil Energy R&D funding by 44% for FY2012 compared to FY2011, while at the same time proposed increasing funding for the entire Department and for the majority of DOE programs. Further, over the past several years, the Administration has proposed reducing the budget for the overall Office of Fossil Energy, and has proposed zero funds for several critical programs including the elimination of funding for the core oil and natural gas R&D Programs. For the reasons stated above, I urge you to reverse this trend.

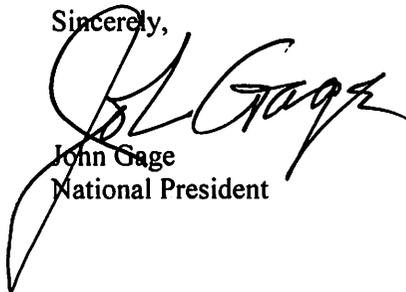
Specific programs needing your attention in the FY2013 Department of Energy Fossil Energy Research and Development Budget and the minimum funding that these programs require are:

- **\$400 million for the core coal research & development program**, to maintain current funding for coal research and development, improve energy and environmental efficiencies at power plants, continue carbon capture research for existing and new power plants, and advance fuel cells and coal-biomass to liquid fuels;
- **\$160 million for R&D Program Direction**, to maintain current funding for salaries and the operation of Fossil Energy's National Energy Technology Laboratory;
- **\$50 million for natural gas and oil research & development**, in order to maintain funding to address environmental and related issues associated with unconventional natural gas and oil, including shale gas and gas hydrates research;
- **\$20 million for Plant & Capital Equipment**, for upgrading and maintenance of NETL facilities and equipment;
- **\$10 million for Environmental Restoration**, for addressing legacy environmental, health, and safety issues including soil decontamination and asbestos removal; and,
- **\$100 million for Clean Coal and Carbon Capture and Storage (CCS) demonstrations**, to continue funding initiated in the American Recovery and Reinvestment Act, and to accelerate CCS deployment through large-scale demonstrations, which will lower costs and risks for private investment and commercial development.

Finally, I understand that NETL has performed outstanding work on behalf of the DOE Office of Energy Efficiency and Renewable Energy (EE/RE) and the DOE Office of Electricity Delivery and Energy Reliability (OE). A significant number of Federal Employees at NETL perform R&D and oversight in these programs, such as: EE/RE's Vehicles Technology Program, Solid State Lighting Program, and Advance Manufacturing efforts; and OE's Grid Research and Development, Smart Grid Demonstrations, and Infrastructure Security and Energy Restoration Programs. I urge you to continue to support utilizing NETL employees in the performance of this important work.

In conclusion, I believe the choice is clear: continue to adequately fund a robust Fossil Energy Research and Development Program that provides millions of good paying jobs, a prolific return on investment, and future economic growth sectors; or, neglect to adequately fund an essential and highly successful program. As you complete your efforts in compiling the President's budget request for Fiscal Year 2013, I urge you to ensure robust funding to continue the vital work that the U.S. Department of Energy's Office of Fossil Energy implements through the National Energy Technology Laboratory.

Sincerely,



John Gage  
National President