

Focus on Function 270 – Energy

Function 270 (Energy) contains civilian energy and environmental programs in the Department of Energy (DOE), the Rural Utilities Service of the Department of Agriculture, the Tennessee Valley Authority, and the Nuclear Regulatory Commission. This function does not include DOE's national security activities, which are in Function 050 (National Defense), or its basic research and science activities, which are in Function 250 (General Science, Space and Technology).

Table 1: Function 270 Spending, 2019
(In billions of dollars)

Discretionary BA	6.8
Discretionary Outlays	6.4
Mandatory Outlays	<u>-1.9</u>
Total Outlays	4.6

Note: Estimates assume 2018 emergency funding is one-time only.

Most Function 270 spending is discretionary, for DOE activities. These activities include energy research and development programs, operations of the Power Marketing Administrations, cleanup of contaminated energy sites, loan guarantee programs, and management of the Strategic Petroleum Reserve.

The Energy function has few mandatory programs and what little spending occurs is more than offset by receipts generated by commercial activities, such as those of the Power Marketing Administrations and oil sales from the Strategic Petroleum Reserve.

According to the Congressional Budget Office (CBO) spring 2018 baseline excluding emergencies, budget authority (BA) for discretionary programs in Function 270 for 2019 will account for less than 1 percent of total discretionary funding for that year.

DISCRETIONARY

Energy Programs: DOE implements a number of programs with the goal of broadening the country's energy sources and meeting environmental challenges. These include research and development in energy efficiency technologies and renewable energy, development of efficient and environmentally sound fossil energy, cost-effective and safe nuclear power, and advanced research in transformational technologies. Also funded within this category are activities involving decontamination of uranium enrichment sites, operations of the Strategic Petroleum Reserve, and loan guarantee programs.

Table 2: Discretionary BA in Function 270, by Major Program, 2019
(In billions of dollars, excluding emergencies)

Energy Programs:	
Energy Efficiency and Renewable Energy.....	2.4
Nuclear Energy.....	1.1
Uranium Enrichment Decontamination and Decommissioning Fund.....	0.9
Fossil Energy.....	0.7
Advanced Research Projects Agency.....	0.4
Strategic Petroleum Reserve.....	0.3
Other Energy Programs.....	<u>0.7</u>
Subtotal, Energy Programs.....	6.4
Power Marketing Administrations.....	0.2
Nuclear Regulatory Commission.....	0.1
Other.....	<u>0.1</u>
Total.....	6.8

Power Marketing Administrations (PMAs): The four PMAs are federal agencies within the Department of Energy charged with marketing electric power from federal hydroelectric plants. Three of the four PMAs – Southeastern Power Administration, Southwestern Power Administration, and Western Area Power Administration – are funded with discretionary appropriations which are repaid through revenues from the sale of electric power. The fourth, Bonneville Power Administration, receives no discretionary funding and covers its operating costs through power rates charged to customers. Most of the proceeds from the sale of electric power of all four PMAs are reflected in mandatory offsetting receipts.

Nuclear Regulatory Commission: This is an independent agency that regulates commercial nuclear power plants and other uses of nuclear materials – such as nuclear medicine – through licensing, inspection and enforcement.

Other: The Department of Agriculture’s rural electrification and telecommunications loan programs, other DOE decontamination and administrative activities, and operations of the Nuclear Waste Technical Review Board make up the balance of discretionary funding.

MANDATORY

PMA: The Bonneville Power Administration’s operating costs are mandatory expenditures. Proceeds from its power sales are reflected in offsetting receipts. A small portion of PMA mandatory spending is related to borrowing authority granted to the Western Area Power Administration by the American Recovery and Reinvestment Act of 2009 (ARRA).

Rural Electrification and Telecommunications Liquidating Account: The Rural Utilities Service uses this account to service loans for rural electrification and telecommunication projects.

Table 3: Mandatory Outlays in Function 270, by Major Program
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Power Marketing Administration	0.4	2.7
Rural Electrification and Telecommunications Liquidating Account	0.2	3.2
Treasury Subsidies for Qualified Energy Investments	0.1	1.3
Tennessee Valley Authority Fund	-0.8	-6.3
Offsetting Receipts	-1.9	-25.9
Other	<u>0.1</u>	<u>0.8</u>
Total	-1.9	-24.1

Treasury Subsidies for Qualified Energy Investments: The Emergency Economic Stabilization Act of 2008 and ARRA established several subsidy payments in lieu of tax credits to incentivize qualifying renewable energy and conservation investments.

Tennessee Valley Authority Fund (TVA): The TVA is a government-owned corporation that is self-funded from revenue generated from the operations of its 49 dams and 47 reservoirs.

Offsetting Receipts: These include revenue from the sale of electric power at the four PMAs, the sale of oil from the Strategic Petroleum Reserve, and fees paid by utilities deposited into the Nuclear Waste Disposal Fund.

TAX EXPENDITURES

There are about 40 tax expenditures related to this function. Most of these are small, estimated to cost less than \$50 million per year. More significant tax expenditures include the solar energy credit, the credit for electricity production from wind, the residential energy-efficient property credit, the credit for plug-in electric vehicles, the amortization of air pollution control facilities, and the expensing of oil and gas exploration and development costs.

RELEVANT AGENCIES AND CONGRESSIONAL COMMITTEES

Table 4: Discretionary BA in Function 270, by Agency, 2019
(In billions of dollars, excluding emergencies)

Department of Agriculture	-0.1
Department of Energy	6.8
Nuclear Regulatory Commission	0.1
Other	<u>*</u>
Total	6.8

Table 5: Mandatory Outlays in Function 270, by Agency
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Department of Agriculture.....	0.2	3.2
Department of Energy.....	-1.5	-23.2
Department of Treasury.....	0.1	1.3
Tennessee Valley Authority.....	-0.8	-6.3
Other.....	<u>0.1</u>	<u>0.8</u>
Total.....	-1.9	-24.1

Table 6: Discretionary BA in Function 270, by Appropriations Subcommittee, 2019
(In billions of dollars, excluding emergencies)

Agriculture, Rural Development, FDA, and Related Agencies.....	-0.1
Energy and Water Development, and Related Agencies.....	<u>6.9</u>
Total.....	6.8

Table 7: Mandatory Outlays in Function 270, by Committee
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Agriculture.....	*	*
Armed Services.....	-*	-0.1
Energy and Commerce.....	-1.0	-17.7
Natural Resources.....	-0.4	-3.7
Transportation and Infrastructure.....	-0.9	-7.2
Ways and Means.....	0.1	1.3
Unassigned.....	<u>0.2</u>	<u>3.2</u>
Total.....	-1.9	-24.1

* Less than \$50 million.