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ONE HUNDRED EIGHTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115
Majority (202) 225-3641
Minority (202) 225-2927

December 20, 2023

The Honorable Jennifer Granholm
Secretary
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585

Dear Secretary Granholm:

We are concerned that President Biden and the Department of Energy (DOE), are usurping the congressional intent behind the Defense Production Act (DPA) and using a war-time statute to funnel Inflation Reduction Act (IRA) subsidies to the Biden administration's favored energy industries. On November 17, 2023, the DOE announced that it was awarding \$169 million for nine projects to manufacture electric heat pumps (DE-FOA-0002987).¹ It is our understanding that these awards are being carried out pursuant to Presidential Determination No. 2022-18 (hereinafter "the Determination"), which broadened the DPA for the purpose of expanding the domestic production capability for electric heat pumps.²

Specifically, the Determination, pursuant to Section 303, of the DPA stated that electric heat pumps are an industrial resource, material, or critical technology item essential to the national defense; without presidential action under section 303 of the DPA, United States industry cannot reasonably be expected to provide the industrial capability for manufacturing electric heat pumps in a timely manner; and purchases, purchase commitments, or other action pursuant to section 303 of the DPA are the most cost effective, expedient, and practical alternative method for meeting the need for electric heat pumps.³ Further, the Determination claimed that action to expand the domestic production capability for electric heat pumps is necessary to avert an industrial resource or critical technology item shortfall that would severely impair national defense capability.⁴

¹ "Defense Production Act Heat Pump Program Selections." Energy.Gov, www.energy.gov/mesc/defense-production-act-heat-pump-program-selections. Accessed 28 Nov. 2023.

² "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended, on Electric Heat Pumps." *Federal Register*, 6 June 2022, www.federalregister.gov/documents/2022/06/09/2022-12586/presidential-determination-pursuant-to-section-303-of-the-defense-production-act-of-1950-as-amended.

³ Id.

⁴ Id.

It is also our understanding that the funding source for the awards was Sec. 30001 of the IRA, which provided \$500 million through fiscal year (FY) 2024 to carry out the DPA, of which \$250 million was subsequently allocated to the DOE to “support the growth of manufacturing needed to meet the anticipated growing demand for electric heat pumps.”⁵ Within the Determination, the President waived numerous statutory requirements in DPA Section 303 meant to inform and justify such actions to the public and Congress. By waiving these requirements, the public and Congress are in the dark as to the justification for these executive actions. Consequently, we ask that you respond to the following questions in writing by January 5, 2024.

1. Has the Department of Defense or the DOE issued any report identifying electric heat pumps as essential to national defense?
2. According to the International Energy Agency, China is the largest producer and exporter of heat pumps.⁶ Will you provide the Committee with information verifying that none of the funds awarded will be made available either directly or indirectly by China or its affiliated entities?
3. Will you provide the Committee with information the DOE has justifying that there is a shortfall of electric heat pumps severely impairing national defense capabilities?
4. Will you provide the Committee with information the DOE has indicating a domestic industrial base shortfall for electric heat pumps prior to the November 17th awards?
5. Will you provide the Committee with information the DOE has justifying that the \$169 million in grant funding is the most cost effective, expedient, and practical alternative method for meeting electric heat pump needs?
6. The DOE Heat Pump DPA Program stated its Purpose and Strategic Goals will aim to, “[e]xpand United States electric heat pump manufacturing to reduce the amount of energy needed in our buildings, leading to less reliance by the U.S. and allies on adversaries, such as Russia, for oil and gas.” There was no citation provided for this statement detailing how electric heat pumps will reduce reliance on adversarial sources of energy. Can you provide the study, research, or applicable materials supporting this claim?
7. Because approximately \$339 million in DPA funds from the IRA remain and the President has issued separate determinations expanding the DPA to produce solar, transformers and electric grid components, insulation, and electrolyzers, fuel cells, and platinum group metals, will you commit to providing the Committee with appropriate explanatory materials that justify the use of the DPA for these energy resources should further awards be announced?

⁵ “Department of Energy Heat Pump Defense Production Act Program.” Netl.Doe.Gov, www.netl.doe.gov/node/12449. Accessed 28 Nov. 2023.

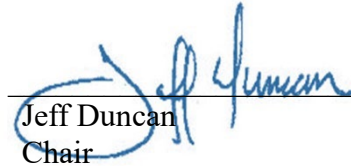
⁶ Monschauer, Yannick, et al. “Global Heat Pump Sales Continue Double-Digit Growth – Analysis.” IEA, 31 Mar. 2023, www.iea.org/commentaries/global-heat-pump-sales-continue-double-digit-growth.

We look forward to your prompt response. Thank you in advance for your cooperation. If you have any questions regarding this matter, please contact Mary Martin or Drew Lingle with the Majority Committee staff at (202) 225-3641.

Sincerely,

A handwritten signature in blue ink, reading "Cathy McMorris Rodgers", written over a horizontal line.

Cathy McMorris Rodgers
Chair
Committee on Energy and Commerce

A handwritten signature in blue ink, reading "Jeff Duncan", written over a horizontal line.

Jeff Duncan
Chair
Subcommittee on Energy, Climate, and
Grid Security