

THERE WERE MANY SOLYNDRA'S. OBAMA LOST ANOTHER \$400 MILLION ON A TEXAS "GREEN" ENERGY COMPANY TOO

Weeding Out Waste and Fraud at Federal Agencies

By **H. Sterling Burnett**

"...Some recent inspector general reports from within various federal agencies show that the Trump administration is attempting to weed out abuse, fraud, and waste in government programs.

.....A second report, this one from the Department of Energy (DOE)'s I.G., found that in its push to commercialize the capture and storage of carbon dioxide from coal-fired power plants, the Obama administration failed to exercise proper oversight over more than \$400 million it gave to a now bankrupt Texas company. This was a case of incompetence rather than malfeasance.

Summit Texas Clean Energy (Summit) partnered with DOE on the Texas Clean Energy Project, which promised to capture 2 million tons of carbon dioxide per year from a coal plant, or 90 percent of its annual emissions, and bury them underground. The project never became operational.

Because the project was continually beset with delays and Summit proved unable to attract private financing to finish it, the Energy Department

stopped supporting the deal in June 2016, but not before it spent approximately \$450 million in taxpayer money. Summit filed for bankruptcy in October 2017.

The I.G. report noted that under the terms of the project, DOE was supposed to obtain invoices from Summit prior to allowing expenses or reimbursing the company, but the I.G. found that DOE had approved more than \$38 million in reimbursements without receiving proper documentation. Among the expenses the IG deemed "potentially unallowable" were bills sent by Summit to DOE for more than \$1.2 million in lobbying costs and \$1.3 million in "questionable or prohibited" travel-related expenses.

Under federal law, companies partnering with the federal government are disallowed from charging the government for their lobbying activities. The travel-related expenses included more than \$650,000 paid to a consultant for Summit, which the consultant spent on items such as a spa service, alcohol, first-class travel, limousine services, receipts in foreign currency, and business meals.

The I.G. said the Energy Department under the Obama administration was to blame for these prohibited expenses being reimbursed because it had not implemented required "invoice review controls" and that "[the Office of] Fossil Energy had not always exercised sound project and financial management practices in its oversight of the project." That's the understatement of the year!

One lesson to draw from these two cases is that government regulatory agencies are just too big for Congress or even their own auditors to exercise proper oversight. Because bureaucrats aren't held accountable when they undertake illegal activities or exercise inept financial controls, they play fast and loose with taxpayers' money, resulting in poor program results and squandered resources.

It's good to see the Trump administration attempting to rein in out-of-control agency officials. However, I believe that to really have a far-reaching effect, punishment for such activities must ensue. Only when bureaucrats lose their jobs and pensions or spend some time behind bars for their malfeasance will they take seriously their charge to serve the public and spend taxpayers' dollars wisely.

H. Sterling Burnett, Ph.D. (hburnett@heartland.org) is a senior fellow on energy and the environment at The Heartland Institute, a nonpartisan, nonprofit research center headquartered in Arlington Heights, Illinois.