

## Chu may relax foreign-company rule

www.platts.com

*Platts inside Energy Extra*

9/21/09

The Energy Department may relax an internal policy that sharply restricts foreign-owned companies from participating in a major research and development program for cutting-edge energy technologies, according to a recent letter from Energy Secretary Steven Chu.

The July 29 letter, which Platts obtained Monday, describes Chu's plans for holding a second funding solicitation for the ARPA-E program, which is designed to conduct high-risk, high-reward research into potentially paradigm-shifting energy technologies. ARPA-E, or the Advanced Research Projects Agency-Energy, received \$400 million under the economic stimulus bill.

DOE's first ARPA-E funding solicitation, issued in April for upwards of \$150 million, prohibited "foreign entities" from serving as "lead organizations" on teams created to compete for the funds. The April solicitation also said that if any teams with foreign-owned companies were awarded ARPA-E funds, those foreign firms could not spend more than 25% of the team's total award.

Those restrictions were sharply criticized by the Organization for International Investment, a Washington-based group that represents foreign-owned companies with US subsidiaries. Nancy McLernon, the group's president and CEO, said in a May 26 letter to Chu that DOE's restrictions "would limit the ability of numerous US-incorporated companies to participate fully" in ARPA-E.

McLernon said DOE added the restrictions in an effort to reflect the "spirit" of the so-called "Buy America" provision of the stimulus bill, which requires that only US-made iron, steel and manufactured goods can be used in certain stimulus projects. In an interview Monday, McLernon said DOE's restrictions could cause some companies to lose out on ARPA-E funding "because somebody [at DOE] sort of over-defined their patriotism."

Chu, though, hinted in his July 29 letter to McLernon that DOE might relax or even drop those restrictions altogether when the department issues its second APRA-E solicitation this fall. Chu said that solicitation "will be modified based on other factors," adding that he believes that ARPA-E could benefit from researchers "from all over the world."

McLernon, who met privately with top DOE officials earlier this month to discuss her group's concerns, told Platts Monday that she was "encouraged" by Chu's response.