Energy Secretary Chu to Step Down

MATTHEW DALY,Associated Press

WASHINGTON (AP) — Energy Secretary Steven Chu, who won a Nobel Prize in physics but came under questioning for his handling of a solar energy loan, is stepping down.

Chu offered his resignation to President Barack Obama in a letter Friday. He said he will stay on at least until the end of February and may stay until a successor is confirmed.

Chu's departure had been widely expected and follows announcements by Interior Secretary Ken Salazar, Environmental Protection Agency chief Lisa Jackson and Jane Lubchenco, head of the National Oceanic and Atmospheric Administration, that they are leaving.

The White House said no decisions have been made on replacements for any of the environment and energy jobs but said Obama's priorities will remain unchanged. Potential replacements for Chu include former North Dakota Sen. Byron Dorgan, former Michigan Gov. Jennifer Granholm and former Washington Gov. Christine

Gregoire.

Obama said in a statement Friday that Chu brought a "unique understanding of both the urgent challenge presented by climate change and the tremendous opportunity that clean energy represents for our economy."

During his tenure, Chu helped move the country toward energy independence, Obama said, referring to billions of dollars in Energy Department loans to boost renewable energy such as wind and solar power.

"Thanks to Steve, we also expanded support for our brightest engineers and entrepreneurs as they pursue groundbreaking innovations that could transform our energy future," Obama said.

Chu, 64, a former director of the Lawrence Berkeley National Lab in California, had little political experience before taking the energy post in 2009.

He drew fire from congressional Republicans who criticized his handling of a $528 million federal loan to solar panel maker Solyndra, which later went bankrupt, laying off its 1,100 workers. Republicans said Chu and other Energy Department officials missed many warning signs about problems at Solyndra and compounded them by approving a restructuring of the loan even after problems were discovered.

Solyndra was the first renewable-energy company to receive a loan guarantee under the 2009 stimulus law, and the Obama administration frequently promoted the company as a model for its clean energy program. Chu attended a 2009 groundbreaking when the loan was announced, and Obama visited the company's Fremont, Calif., headquarters the next year.

The company's implosion in 2011 and revelations that the administration hurried a review of the loan in time for the groundbreaking become an embarrassment for Chu and Obama and a rallying cry for GOP critics of the administration's green energy program.

Lawmakers also criticized Chu for approving the plan to restructure Solyndra's debt so that two private investors moved ahead of taxpayers for repayment in case of default.

Chu defended the Solyndra loan during a sometimes testy hearing in late 2011. While calling the ultimate outcome "regrettable," Chu said the loan was subject to "proper, rigorous scrutiny and healthy debate" before it was approved in 2009.

"While we are disappointed in the outcome of this particular loan, we support Congress' mandate to finance the deployment of innovative technologies and believe that our portfolio of loans does so responsibly," Chu said.

The White House said Chu retained Obama's confidence, but Chu was widely expected to leave following Obama's re-election last fall.

In a letter to Energy Department employees, Chu said he was proud of his tenure and cited dozens of accomplishments, including doubling the production of renewable energy from wind and solar power. Installations of solar electric systems have nearly doubled in each of the last three years, he said, while fully 42 percent of new energy capacity in the U.S. last year was from wind — more than any other energy source.

"I came with dreams and am leaving with a set of accomplishments that we should all be proud of," he said.

One of his accomplishments was something that Chu rarely talked about, but was frequently cited by Obama: Chu's role in helping to plug the massive BP oil spill in the Gulf of Mexico. Chu and a team of engineers helped devised an interim solution before a replacement well permanently plugged the leak, which spewed more than 200 million gallons of oil in the worst offshore oil disaster in the country's history.

Chu came up with the solution "when nobody else could figure it out," Obama said Friday. "And that's typical of the incredible contributions that he's made to this country."

At Energy, Chu was most closely identified with his oversight of a massive, $35 billion loan guarantee program funded by the 2009 economic stimulus law. He also led efforts to develop a cutting-edge, alternative energy lab known as ARPA-E, or Advanced Research Projects Agency-Energy.

While tarnished by Solyndra, the loan program has had many successes, including huge solar projects in California and Arizona and wind farms in Oregon and Maine. The department also has boosted electric cars and nuclear power plants. Counting loans and guarantees to U.S. car makers and the nuclear industry, the program is supporting as many as 60,000 jobs and generating up to $40 billion in private investment, Chu said.

The ARPA-E project has led research in fields from electrofuels to batteries. "While it is too early to tell if we have home runs, there are a number of investments that have certainly rounded second base," Chu said in his farewell letter.

Chu also played a key role in the U.S. response to the Fukushima nuclear disaster in Japan, as well as an Obama administration decision to kill a planned nuclear waste dump at Nevada's Yucca Mountain.

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