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United States Senate

COMMITTEE ON
ENERGY AND NATURAL RESOURCES

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April 26, 2021

The Honorable Teri L. Donaldson
Office of Inspector General
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Inspector General Donaldson:

Last week, numerous media outlets published reports raising questions about a potential conflict of interest between Secretary of Energy Jennifer Granholm's significant investment in the electric bus, battery, and charging company Proterra, Inc. and President Biden's virtual tour of the company on April 20, 2021. I am concerned about this and other potential conflicts of interest between Secretary Granholm's significant investment in Proterra, Inc. and any activities she may have directly or indirectly participated in within the Biden Administration to promote electric vehicles (including electric buses), batteries, and charging infrastructure.

Disclosures and Commitments Made by Secretary Granholm During Her Nomination Process

During her nomination process, Secretary Granholm represented on her Public Financial Disclosure Report (OGE Form 278e), which she signed on December 22, 2020, and which the Designated Agency Ethics Official and the U.S. Office of Government Ethics signed on January 16, 2021, that she:

- Served as Board Member of Proterra, Inc., for which she received compensation exceeding \$5,000 in a year;
- Held up to \$5 million in vested stock options in Proterra, Inc.; and
- Held 61,042 unvested stock options of a "value not readily ascertainable" that would vest in December 2021 and expire in December 2024.

Secretary Granholm described in her Ethics Agreement letter dated January 16, 2021 to the Designated Agency Ethics Official steps she would take "to avoid any actual or apparent conflict of interest" as Secretary of Energy. Specifically with regard to Proterra, Inc., Secretary Granholm committed to:

- Resign from her position as Board Member of Proterra, Inc. upon confirmation;
- Forfeit her unvested stock options in Proterra, Inc. upon resignation of her position as Board Member of Proterra, Inc.;

- Divest her vested stock options (and resulting stock, if she exercises her vested stock options) in Proterra, Inc. “as soon as practicable but not later than 180 days after [her] confirmation;”
- “[N]ot participate personally and substantially in any particular matter that to [her] knowledge has a direct and predictable effect on the financial interests of Proterra until [she has] divested it, unless [she] first obtain[s] a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualif[ies] for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2) ;” and
- “Pursuant to the impartiality regulation at 5 C.F.R. § 2635.502, for a period of one year after [her] resignation from [Proterra], [she] will not participate personally and substantially in any particular matter involving specific parties in which [she] know[s] Proterra is a party or represents a party, unless [she is] first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).”

In connection with her nomination hearing, I asked Secretary Granholm the following question for the record: “With respect to your affiliation with and financial interest in Proterra Inc., please confirm in narrative form the practical limitations that the Committee can expect your ethics agreement to impose upon you, especially as those limitations may bear on DOE’s programs that promote or otherwise impact or potentially impact electric transportation, including, for example, the Advanced Technology Vehicles Manufacturing (ATVM) Program. For example, can the Committee assume that you will recuse yourself from matters involving the ATVM Program at least until you can carry out the divestment that you have pledged to make of your interests in Proterra? Should I infer, that you will recuse yourself as appropriate from matters involving electric transportation at least until such time as you divest your interests in Proterra?” Secretary Granholm responded with the following commitment:

- “If confirmed, I will recuse myself from all particular matters that to my knowledge have a direct and predictable effect on the financial interests of Proterra until I have completed the divestiture.”

In connection with her nomination hearing, I asked Secretary Granholm the following question for the record: “You have disclosed that you are currently a Member of the Board of Proterra, Inc., a company that is active in the fields of electric transportation and electric storage. In the last week, Proterra has announced its intention to become publicly listed through a merger with ArcLight Clean Transition Corp. (ArcLight), a special purpose acquisition company (SPAC). It is expected that the company will be valued at \$1.6 billion. Please describe your involvement in the announced merger. Assuming the merger is completed, will you recuse yourself from DOE activities that may bear on or involve ArcLight? To what extent, if any, did President Biden’s intention to nominate you as Secretary of Energy impact your participation as a member of Proterra’s Board, including its announced merger with ArcLight? Was your nomination discussed at any board meeting or with any members associated with Proterra?” Secretary Granholm responded with the following commitment:

- “If confirmed, I will recuse myself from all particular matters involving specific parties in which ArcLight is a party or represents a party for two years from the date of my appointment, as required by regulation and the Biden-Harris Administration Ethics

Pledge. In December, after being nominated, I informed the General Counsel and President of Proterra that I would resign if confirmed.”

In connection with her nomination process, Secretary Granholm submitted a U.S. Senate Committee on Energy and Natural Resources (Committee) Statement for Completion by Presidential Nominees (Committee Questionnaire), which she signed on January 21, 2021. She responded “Yes” to the following question: “Have you taken appropriate action to avoid any conflict of interest or any appearance of a conflict of interest?” She responded “Please see my ethics agreement letter which describes the steps that will be taken to address any conflicts of interest or appearances of a conflict of interest” to the following question: “To the best of your knowledge, do any of your investments, personal holdings, or other interests present a conflict of interest or an appearance of a conflict of interest?” She responded “Yes” to the following question: “If confirmed, will you adhere to the Committee’s recusal policy?” (She reaffirmed her commitment to adhere to the Committee’s recusal policy in a follow-up letter to Senator Lisa Murkowski, then-Chairman of the Committee, in a January 25, 2021 letter.) In agreeing to adhere to the Committee’s recusal policy, Secretary Granholm committed to:

- “Abide by the recusal requirements imposed by federal conflict of interest laws and the Standards of Ethical Conduct for Employees of the Executive Branch;”
- “Seek the advice of his or her designated agency ethics officer before proceeding whenever faced with a situation that may give rise to any actual or apparent conflict of interest;” and
- “Adhere to the principles of ethical conduct and avoid any actions creating the appearance of violating the Standards of Ethical Conduct for Employees of the Executive Branch.”

At her January 27, 2021 nomination hearing, Secretary Granholm responded “There are no conflicts, and I have abided by the Office of Government Ethics’ direction” to the following question asked by Senator Joe Manchin, then-Incoming Chairman of the Committee: “Are you aware of any personal holdings, investments, or interests that could constitute a conflict or create an appearance of such conflict should you be confirmed and assume the office which you have been nominated by the President?”

As an appointee in the Biden Administration, Secretary Granholm was required to sign and, upon signing, be contractually bound by, an ethics pledge pursuant to the Executive Order on Ethics Commitments by Executive Branch Personnel issued by President Biden on January 20, 2021 that required her to commit to, among other things:

- “[D]ecision-making on the merits and exclusively in the public interest, without regard to private gain or personal benefit;”
- “[N]ot for a period of 2 years from the date of [her] appointment participate in any particular matter involving specific parties that is directly and substantially related to [her] former employer or former clients, including regulations and contracts.”

Activities that Raise Questions about Potential Conflicts of Interest

Secretary Granholm leads the Department of Energy (DOE), which plays a central role in the nation's development of electric vehicles, batteries, and charging infrastructure. During her nomination process and now on her official biography published on DOE's website, Secretary Granholm has highlighted her extensive background and experience with regard to promoting electric vehicles, batteries, and charging infrastructure. Since her confirmation just two months ago, Secretary Granholm has already personally waged an aggressive, wide-ranging, and tireless public relations campaign to promote electric vehicles, batteries, and charging infrastructure. In her appearances, she has consistently promised enormous federal investment and policy support for the electric vehicle marketplace from DOE and the Biden Administration.

On February 24, 2021, President Biden issued Executive Order 14017, which tasked Secretary Granholm, as incoming Secretary of Energy, with submitting "a report identifying risks in the supply chain for high-capacity batteries, including electric-vehicle batteries, and policy recommendations to address these risks." On March 29, 2021, DOE's Office of Energy Efficiency and Renewable Energy, which Secretary Granholm oversees, issued a Notice of Request for Information on Risks in the High-Capacity Batteries, including Electric Vehicle Batteries Supply Chain.

Secretary Granholm is playing a leading role in promoting President Biden's American Jobs Plan, including with regard to its proposal to spend \$174 billion "to win the EV market." Among other things, the proposal provides point of sale rebates and tax incentives to buy electric vehicles. It establishes grant and incentive programs for state and local governments and the private sector to build a national network of 500,000 electric vehicle chargers by 2030. According to the White House fact sheet, it will "replace 50,000 diesel transit vehicles and electrify at least 20 percent of our yellow school bus fleet through a new Clean Buses for Kids Program at the Environmental Protection Agency, with support from the Department of Energy... These investments will set us on a path to 100 percent clean buses... [It] will utilize the vast tools of federal procurement to electrify the federal fleet, including the United States Postal Service."

At an April 8, 2021 White House Press Briefing hosted by White House Press Secretary Jen Psaki, Secretary Granholm explained her belief that President Biden nominated her to be Secretary of Energy because of her previous efforts as Governor of Michigan to diversify the state's economy by building "car 2.0, which is the electric vehicle – and the guts to that vehicle, the battery." Secretary Granholm stated: "It is a huge distance that we've traveled, and so much of that is thanks to the decision by the federal government to invest in saving the backbone of the manufacturing industry, which was at that point the electric – or the vehicle industry. And the Obama-Biden efforts really made a statement and worked... And so we can do so much more than what we did in Michigan, and this is what the American Jobs Plan is all about."

On April 19, 2021, Vice President Harris toured Thomas Built Buses, a manufacturer of electric school buses, in High Point, North Carolina. The following is prominently displayed on Thomas Built Buses' website: "PROTERRA... Want a partner that can go the distance? Meet Proterra, our partner in production. Designed and manufactured by the best minds in battery engineering,

Proterra's lightweight, powerful battery systems have delivered proven performance for millions of real-world miles on transit buses. The battery systems offer unparalleled performance, greater fuel economy and record-breaking range for heavy-duty vehicles. Thomas Built Buses, Daimler and Proterra are co-creating the next generation of school bus operations. Welcome to tomorrow." The website then links to a document that provides more information about the "product partnership" between Thomas Built Buses and Proterra, Inc. On its website, Proterra, Inc. also extensively celebrates and promotes its partnership with Thomas Built Buses.

On April 20, 2021, President Biden virtually toured Proterra, Inc.'s electric bus and battery manufacturing plant in Greenville, South Carolina. According to White House Press Secretary Jen Psaki during the White House Press Briefing that day: "the President will make three stops around the manufacturing plant and speak to employees about different aspects of the company's work, including battery installation, body assembly, and final inspection of the buses." Ms. Psaki continued: "The American Jobs Plan includes a total of \$45 billion to accelerate the adoption of zero-emission transit buses and school buses to achieve the President's goal for all U.S.-made buses to be zero-emissions by 2030. This includes \$25 billion for zero-emissions transit vehicles and \$20 billion for electric school buses." Proterra, Inc. features President Biden's virtual tour on its website.

Request for Review by DOE'S Office of Inspector General

According to various media reports, the White House has confirmed that Secretary Granholm still holds up to a \$5 million investment in Proterra, Inc. A White House official was cited as confirming that she has "sold some stock, but has not offloaded any of her Proterra shares." A White House official was cited as stating that she is "in the process of selling off all stock in the company" and will have it sold "within the 180-day window permitted by the ethics agreement." A White House official was cited as explaining, "Neither Secretary Granholm nor the Department of Energy were involved in selecting the Proterra plant." DOE, which Secretary Granholm oversees, reportedly did not respond to multiple requests for comment.

I am concerned that activities Secretary Granholm may have been directly or indirectly engaged in within the Biden Administration to promote electric vehicles (including electric buses), batteries, and charging infrastructure may have violated general commitments she made during her nomination process and as she entered the Biden Administration "to avoid any actual or apparent conflict of interest;" to "avoid any actions creating the appearance of violating the Standards of Ethical Conduct for Employees of the Executive Branch;" and to conduct "decision-making on the merits and exclusively in the public interest, without regard to private gain or personal benefit." I am furthermore concerned that Secretary Granholm may have violated specific commitments she made, including commitments to:

- "[N]ot participate personally and substantially in any particular matter that to [her] knowledge has a direct and predictable effect on the financial interests of Proterra until [she has] divested it;"

- “[N]ot participate personally and substantially in any particular matter involving specific parties in which [she] know[s] Proterra is a party or represents a party, unless [she is] first authorized to participate;”
- “[R]ecuse [herself] from all particular matters involving specific parties in which ArcLight is a party or represents a party for two years from the date of [her] appointment, as required by regulation and the Biden-Harris Administration Ethics Pledge;”
- “[N]ot for a period of 2 years from the date of [her] appointment participate in any particular matter involving specific parties that is directly and substantially related to [her] former employer or former clients, including regulations and contracts,” pursuant to her Biden Administration ethics pledge.

Proterra, Inc. is a leading manufacturer of electric buses, batteries, and charging stations – and has been described as such by officials within the Biden Administration. Given that status, the up to \$5 million in value of investment that Secretary Granholm continues to hold in Proterra, Inc. is positioned to increase in light of her personal and substantial involvement in an aggressive, wide-ranging, and tireless public relations campaign to promote electric vehicles, batteries, and charging infrastructure; her leadership in promoting President Biden’s American Jobs Plan, including its proposal to spend \$174 billion “to win the EV market” (and, as a subset, to spend \$20 billion to support the electric school bus market); and her potential direct or indirect involvement in Vice President Harris’ tour of Thomas Built Buses and President Biden’s virtual tour of Proterra, Inc.

In light of concerns about a potential conflict of interest associated with Secretary Granholm’s significant investment in the electric bus, battery, and charging company Proterra, Inc. that have been highlighted in various media reports and outlined in my letter, I request that DOE’s Office of Inspector General promptly initiate a review of Secretary Granholm’s ethical, regulatory, and statutory obligations; her relationship with Proterra, Inc. (and with any associated entities, such as Thomas Built Buses and ArcLight); and her or her staffs’ participation in or promotion of activities by the Biden Administration to advocate for electric vehicles (including electric buses), batteries, and charging infrastructure. I ask that your office determine the facts surrounding any potential conflicts of interest in connection with this matter, including with regard to the following questions:

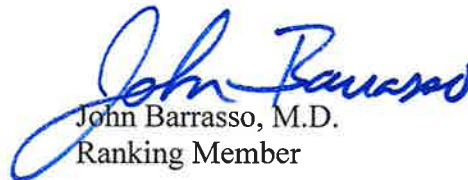
- Upon confirmation, did Secretary Granholm resign from her position as Board Member of Proterra, Inc.? Please provide full and complete details.
- If Secretary Granholm resigned from her position as Board Member of Proterra, Inc., did she forfeit any of her unvested stock options in Proterra, Inc. upon resignation of her position as Board Member of Proterra, Inc.? If so, on what date(s), and in what amount(s) and value(s)? Please provide full and complete details.
- Does Secretary Granholm continue to hold any of her unvested stock options in Proterra, Inc.? If so, what amount and value? If so, what are the facts and circumstances surrounding her decision to delay her forfeiture? If so, have there been and do there continue to be any impediments to her ability to forfeit her unvested stock options more than two months after her confirmation? Please provide full and complete details.

- Has Secretary Granholm divested any of her vested stock options (and resulting stock, if she has exercised any of her vested stock options) in Proterra, Inc.? If so, on what date(s), and in what amount(s) and value(s)? Please provide full and complete details.
- Does Secretary Granholm continue to hold any of her vested stock options in Proterra, Inc.? If so, what amount and value? If so, what are the facts and circumstances surrounding her decision to delay her divestment? If so, have there been and do there continue to be any impediments to her ability to divest “as soon as practicable” more than two months after her confirmation? Please provide full and complete details.
- Does Secretary Granholm hold any financial interest in ArcLight? If so, in what form, and what amount and value? Please provide full and complete details.
- Did Secretary Granholm directly or indirectly participate in proposing, planning, or otherwise facilitating Vice President Harris’ tour of Thomas Built Buses, a manufacturer of electric school buses, in High Point, North Carolina? Please provide full and complete details.
- Did Secretary Granholm directly or indirectly participate in proposing, planning, or otherwise facilitating President Biden’s virtual visit of Proterra, Inc.’s electric bus and battery manufacturing plant in Greenville, South Carolina? Please provide full and complete details.
- Did any other DOE employee directly or indirectly participate in proposing, planning, or otherwise facilitating Vice President Harris’ tour of Thomas Built Buses, a manufacturer of electric school buses, in High Point, North Carolina? Please provide full and complete details.
- Did any other DOE employee directly or indirectly participate in proposing, planning, or otherwise facilitating President Biden’s virtual visit of Proterra, Inc.’s electric bus and battery manufacturing plant in Greenville, South Carolina? Please provide full and complete details.
- Has Secretary Granholm directly or indirectly participated in proposing, planning, developing, drafting, promoting, facilitating, or otherwise advocating for electric vehicles (including electric buses), batteries, and charging infrastructure that would benefit Proterra, Inc. or any of her other holdings? Please provide full and complete details.
- Has Secretary Granholm directly or indirectly participated in proposing, planning, developing, drafting, promoting, facilitating, or otherwise advocating for electric vehicles (including electric buses), batteries, and charging infrastructure? Please provide full and complete details.
- Has Secretary Granholm directly or indirectly participated in proposing, planning, developing, drafting, promoting, facilitating, or otherwise advocating for President Biden’s American Jobs Plan? Please provide full and complete details.
- Has Secretary Granholm directly or indirectly participated in proposing, planning, developing, drafting, promoting, facilitating, or otherwise advocating for the \$174 billion investment in electric vehicles proposed as part of President Biden’s American Jobs Plan? Please provide full and complete details.
- Has Secretary Granholm directly or indirectly participated in proposing, planning, developing, drafting, promoting, facilitating, or otherwise advocating for the \$20 billion investment in electric buses proposed as part of President Biden’s American Jobs Plan? Please provide full and complete details.

- Has Secretary Granholm directly or indirectly communicated with any Biden Administration official at any time about Proterra, Inc., Thomas Built Buses, or electric buses?

Thank you in advance for initiating a DOE Office of Inspector General review of a potential conflict of interest regarding Secretary Granholm's significant investment in the electric bus, battery, and charging company Proterra, Inc. I look forward to your prompt response.

Sincerely,



John Barrasso, M.D.
Ranking Member