Independent® Women's Forum

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Committee on Oversight and Accountability

Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs

Hearing: "Fueling Unaffordability: How the Biden Administration's Policies Catalyzed Global Energy Scarcity and Compounded Inflation"

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Chairman Fallon and Ranking Member Bush, and members of the subcommittee, thank you for the opportunity to participate in today's hearing discussing the impact of energy costs and inflation on American families.

My name is Mandy Gunasekara, and I am the director of Independent Women's Forum's Center on Energy and Conservation. IWF is a nonprofit organization, committed to increasing the number of women who value free markets and personal liberty. We advance policies that enhance people's freedom, opportunities, and well-being. My work focuses on implementing the CEC mission: advancing our energy potential, protecting the environment, and promoting thriving communities.

Rising energy costs and inflation have created immense financial burdens on the American people. One in six American families is currently behind on electricity bills.[1] The cost for an average household has risen approximately $10,000 over the past two years.[2] Everyday goods like groceries and gas are

[1] Katherine Blunt & Jennifer Hiller, "Electric Bills Soar Across the Country as Winter Looms" Wall Street Journal (September 18, 2022) *available at* https://www.wsj.com/articles/electric-bills-soar-across-the-country-as-winter-looms-11663493404.
[2] Brian Reidl, "The pain isn't goin' away: Inflation cost households an extra $10K," New York Post (December 22, 2022) *available at* https://nypost.com/2022/12/22/the-pain-isnt-goin-away-inflation-cost-households-an-extra-10k/.

exorbitantly expensive. Beyond high costs, Americans have had to endure supply chain disruptions creating shortages of baby formula, over-the-counter cold medicine for children, women's hygiene products, and many more.[3] These costs are squeezing the middle class and making it virtually impossible for low-income Americans to ever cross the middle-class threshold. Most concerning, some families have been forced to choose between powering their homes or putting food on the table.

An ongoing survey[4] by the National Energy Assistance Directors' Association (NEADA) has found that low- and fixed-income households spend a greater portion of their total income on energy. On average, these households spend 8.6 percent of their income on energy costs, which is almost three times the rate for non-low-income households at 3.0 percent. NEADA's most recent survey assessing the impact high energy costs have had on the day-to-day actions of low-income households found some disturbing trends:

- "36 percent [of those surveyed] went without food for a day,"
- "41 percent went without medical or dental care," and
- "31 percent did not fill a prescription or took less than prescribed to stretch the supply."[5]

While some left-leaning advocates want to focus on "climate justice" and the disproportionate impact of emissions on the health and future of low-income populations, there is not enough focus on the disproportionate economic burden these populations carry under policies that purport to improve the climate but very often do not achieve this goal.

The economic effects of expensive electricity and high-cost gas are damaging to pocketbooks, but they also create major barriers to upward mobility. One of our Center's advisory board members recently explained to the Energy & Commerce Committee that "plentiful and affordable domestic energy is part of the ticket out of poverty and dependence." She went on to explain that black-owned businesses struggle at higher rates and "fail under the weight of

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[3] Spencer Brown, "'People will Die': There's Another Supply Chain Crisis," Townhall (March 21, 2023) *available at* https://townhall.com/tipsheet/spencerbrown/2023/03/21/people-will-die-biden-admin-faces-worsening-shortage-of-cancer-drugs-n2620941.

[4] Mark Wolf, Congressional Testimony before the House Subcommittee on Labor, Health and Human Services and Education and Related Agencies (May 26, 2022) *available at* https://neada.org/wp-content/uploads/2022/05/LIHEAPHouseTestimonyFY23_Final.pdf.

[5] Ibid.

expensive energy" and that "poverty, not pollution" poses a greater threat to the future of black communities.[6]

In the United States today, these outcomes are unacceptable. We have both the technological capabilities and wherewithal to build energy systems that reliably and affordably deliver energy to all Americans that need it. The fact that these systems are decaying, and the cost of energy is becoming more of a luxury good than an everyday utility, is not by happenstance nor some uncontrollable factors abroad. It is the result of leftist policies that this administration is pushing through the administrative state and amongst woke CEOs.

Technically defunct promises to "end all fossil fuels"[7] and attempts to transition the grid to inferior technologies by arbitrary deadlines or ban everyday appliances are a few examples. These policies are guided by politics instead of engineering assessments or technical reality. As one scholar from the Manhattan Institute recently explained, policies designed to place an overreliance on the preferred green energy of the Left quickly run up against the laws of physics and the reality of time.

> Producing the same energy as that supplied by hydrocarbons by building wind turbines, solar modules and batteries requires, on average, an increase in 1,000 percent or more in the use of copper, aluminum, and nickel as well as comparable or greater increases for elements such as lithium, manganese, cobalt and rare earths. Yet as the International Energy Administration observes, the world's miners are not producing, nor planning to produce, enough minerals for this kind of growth.[8]

Other estimates suggest the world will need to produce the same amount of copper in the next 25 years as humanity has produced in the last 5,000 to

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[6] Donna Jackson, "Biden's Climate Policies are Bad for Black America," National Center Project 21 (January 18, 2023) *available at* https://nationalcenter.org/ncppr/2023/01/18/donna-jackson-bidens-climate-policies-are-bad-for-black-america/.
[7] Joe Biden, "Biden 'I Guarantee You We're Going To End Fossil Fuels,'" YouTube, (June 15, 2022) *available at* https://www.youtube.com/watch?v=OJ7MMsheHzQ&ab_channel=TonyHeller.
[8] Mark P. Mills, "Inviting Inflation and Energy Dependence," City Journal (May 2, 2022) *available at* https://www.city-journal.org/carbon-tax-invites-inflation--and-energy-dependence.

reach electrification goals.[9] Revocation of longstanding mineral leases here in the U.S. at undeveloped deposits of nickel, cobalt, and platinum group minerals, as was the case with the Twin Metals mine in northeastern Minnesota, doesn't help to mitigate this reality.[10] Banning this type of development in the U.S. only makes us more reliant on the foreign-sourced minerals market, which is currently dominated by China.[11] Beyond concern for negative environmental impacts, some reports have found that foreign-sourced minerals are mined using child or forced labor.[12]

A damaging trend in the financial world is also making our degraded energy systems even worse. Referred to as Environmental, Social, and Governance (ESG) investing,[13] certain investment houses like Blackrock, Vanguard, and State Street are using their financial might to push a woke agenda. The "E" standards are designed to shift investment and credit away from fossil energy companies and stunt high-cost improvements for affiliated infrastructure across the U.S.[14] At a time when we need more domestic energy production and a shoring up of aging energy infrastructure, ESG is purposefully getting in the way.[15]

Proponents of these policies—from fossil fuel bans to ESG—argue they are necessary to stop the climate from changing and reduce emissions. But ironically, this flawed approach ignores the fact that we lead the world in

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[9] "Zero Emission Copper Mine of the Future," The Warren Centre (May 2020) *available at* https://copperalliance.org/wp-content/uploads/2020/07/Emissions-Copper-Mine-of-the-Future-Report.pdf.
[10] Mandy Gunasekara, "Twin Metals Mine Cancellation is a Gut Punch to US Steelworkers, Gift to China," The Hill (February 5, 2022) *available at* https://thehill.com/opinion/energy-environment/592877-twin-metals-mine-cancellation-is-a-gut-punch-to-us-steelworkers/.
[11] China Power Team, "Does China Pose a Threat to Global Rare Earth Supply Chains?" China Power (July 17, 2020) Updated May 12, 2021. a*vailable at* https://chinapower.csis.org/china-rare-earths/.
[12] "This Is What We Die For: Human Rights Abuses in the Democratic Republic of the Congo Power the Global Trade in Cobalt," Amnesty International (January 15, 2016) *available at* https://www.amnestyusa.org/reports/this-is-what-we-die-for-human-rights-abuses-in-the-democratic-republic-of-the-congo-power-the-global-trade-in-cobalt/.
[13] "How to Talk About: Environmental Social and Governance or ESG Investing," Independent Women's Voice (August 2022) *available at* https://www.iwv.org/wp-content/uploads/2022/08/IWV-How-to-Talk-About-ESG-Investing.pdf.
[14] Ed Reed, "HSBC cuts off financing for new oil and gas projects," Energy Voice (December 14, 2022) *available at* https://www.energyvoice.com/oilandgas/468997/hsbc-financing-oil-gas/.
[15] Rupert Darwall, "Net-Zero and ESG Are Worsening the Energy Crisis – and Weakening the West," RealClear Energy (March 17, 2022) *available at* https://www.realclearenergy.org/articles/2022/03/17/net-zero_and_esg_are_worsening_the_energy_crisis__and_weakening_the_west_822337.html.

overall emissions reductions because of advancements in the oil and gas industry.[16] This industry currently provides 80 percent of the energy we need to fuel our economy and modern way of life. Curbing U.S. development simply pushes it overseas to countries with poor environmental and human rights records, ultimately increasing global emissions.

It's not the American people, but rather China and Russia that are the biggest beneficiaries of President Biden's climate agenda. China gets to inherit the jobs, mining opportunities, and economic productivity all while getting a free pass on environmental protection. They are currently building two new coal plants a week and many of these plants fail to use pollution control equipment U.S. coal operators have been using for decades.[17] Russia equally benefits. As Biden's war on American fossil energy has curbed domestic supply, it has forced our European allies to become more dependent on Russian natural gas. This has strengthened the value of the ruble, enriched Vladimir Putin, and undermined U.S. national security.

Instead of sending blank checks to Ukraine, we should be sending American natural gas to our allies abroad. This would not only inhibit Putin's ability to wield Europe's energy dependence as a geopolitical weapon, but it would also give our flailing economy the boost it needs to get out of the ongoing economic rut.

Since January 2021, President Biden and congressional democrats have taken over 125 different actions that make it harder to produce oil and gas in the U.S.[18] These actions are not only harmful to the American people but are exacerbating inflation with no meaningful impact on the environment. Our modern way of life requires a future of energy abundance and creating this future doesn't require us to sacrifice the environment in the process. I know this because we have done it before.

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[16] "Global CO2 emissions in 2019," International Energy Agency (February 11, 2020) *available at* https://www.iea.org/articles/global-co2-emissions-in-2019.
[17] Lauri Myllyvirta, "China Permits Two New Coal Power Plants Per Week in 2022," Center for Research and Clean Air (February 27, 2023) *available at* https://energyandcleanair.org/publication/china-permits-two-new-coal-power-plants-per-week-in-2022/.
[18] "100 Ways Biden and the Democrats Have Made it Harder to Produce Oil & Gas," American Energy Alliance (May 2022) *available at* https://www.americanenergyalliance.org/wp-content/uploads/2022/05/Bidens-100.pdf.

From 2016 through 2019, as the U.S. economy experienced massive growth, we also cut air pollution,[19] cleaned up water quality,[20] and led the world in cutting greenhouse gas emissions.[21] We also revamped the Superfund program, which gave more communities a second chance at economic opportunity by actively addressing legacy pollution. We did all this while having low cost fuel and electricity in the United States and becoming the top exporter of oil and natural gas.

The good news is that there are many ways to fix the problems caused by poor energy decisions in the recent past. Congress must prioritize the strengthening of our energy grid with proven technologies while encouraging continued innovation. Thoughtful policies aligned with this theme will produce a cleaner environment and growing economy while avoiding the range of current consequences. Other policy options include the following:

- **Focus on What Works:** Fossil fuels provide the bulk of energy we use every day, and that energy use is expected to grow. Policy leaders must accept this fact. Instead of working to ban their use, they should support efforts to make them cleaner and more efficient, not shut them down.

- **Stop Taxpayer Funded Market Distortions:** Investment and Production tax credits entice power providers to build out wind and solar projects that will not reliably work. Ending these specialized subsidies—that were indefinitely extended in the "Inflation Reduction Act"—will improve competition that can cut costs and strengthen stability.

- **Protect the Foundation:** Baseload energy is the most important part of a stable energy grid. Policy leaders must consider ways to account for

[19] "EPA Releases 2020 Year in Review Highlighting Agency Accomplishments and Environmental Progress under Administrator Wheeler," United States Enironmental Protection Agency (January 14, 2021) *available at* https://www.epa.gov/newsreleases/epa-releases-2020-year-review-highlighting-agency-accomplishments-and-environmental.
[20] "EPA at 50: Progress in Providing Safe Drinking Water," United States Environmental Protection Agency (February 18, 2020) *available at* https://www.epa.gov/newsreleases/epa-50-progress-providing-safe-drinking-water.
[21] "Global Energy & CO2 Status Report 2019: Emissions," International Energy Agency (March 2019) *available at* https://www.iea.org/reports/global-energy-co2-status-report-2019/emissions.

the value of baseload energy, especially with on-site fuel storage that can withstand any supply disruptions like nuclear.

- **Restore Flexibilities to Grid Operators:** Ensure grid reliability or resiliency standards are technology neutral so grid operators and engineers have the flexibility to plan for and respond to major swings in demand.

- **Encourage Responsible Innovation:** Congress and administrative agencies like the Department of Energy and the Department of Defense are helpful tools in commercializing promising technology. However, these funds must be administered with proper oversight to protect taxpayer investments and avoid Solyndra-like scenarios.

- **Establish Balanced Environmental Standards:** Set environmental standards based on proven, not prospective, technologies with flexible timelines for compliance.

- **Unleash U.S. Oil and Gas:** Revoke Biden's anti-fossil energy policies and his new tax on natural gas, cut red tape, open up public lands and waters to development, and support the development of affiliated infrastructure including refineries and pipelines.

- **Support a Modern Workforce:** Expand training programs for prospective and current energy workers through apprenticeships and STEM-focused development.

- **Reject ESG:** Ensure access to capital and credit is based on a company's merit and not compliance with arbitrary versions of political correctness from the Left.

With the right policies in place and a pragmatic mindset from our leaders, we can build strong energy systems that reliably deliver low-cost energy whenever it is needed.