

**BURNING THE MIDNIGHT OIL:  
WHY DEPLETING THE STRATEGIC  
PETROLEUM RESERVE IS NOT  
A SOLUTION TO AMERICA'S  
ENERGY PROBLEM, PART I**

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**HEARING**

BEFORE THE  
SUBCOMMITTEE ON ECONOMIC GROWTH, ENERGY  
POLICY, AND REGULATORY AFFAIRS  
OF THE

COMMITTEE ON OVERSIGHT AND  
ACCOUNTABILITY

HOUSE OF REPRESENTATIVES

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- \* Letter from the Publisher, *Duke Review*, “The Racism of Reparations”; submitted by Rep. Stansbury.
- \* Article, Documented, “Prominent Climate Denier Authored Controversial Articles as Publisher of Conservative Student Newspaper”; submitted by Rep. Stansbury.

*The documents listed above are available at: docs.house.gov.*



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**Wednesday, March 8, 2023**

HOUSE OF REPRESENTATIVES  
COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY  
SUBCOMMITTEE ON ECONOMIC GROWTH, ENERGY  
POLICY, AND REGULATORY AFFAIRS  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 2:21 p.m., in room 2247, Rayburn Office Building, Hon. Pat Fallon, (chairman of the subcommittee) presiding.

Present: Representatives Fallon, Donalds, Perry, Boebert, Fry, Luna, Edwards, Bush, Norton, Porter, Brown, and Stansbury.

Mr. FALLON. The Committee on Economic Growth, Energy Policy, and Regulatory Affairs will come to order. I want to welcome everyone for coming.

Without objection, the Chair may declare a recess at any time, and I recognize myself for the purpose of making an opening statement.

It is an honor to chair the Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs. I would like to thank the witnesses for their testimony today, and I look forward to working with Ranking Member Bush to provide necessary oversight on these critical sectors.

Today's hearing will be on the Strategic Petroleum Reserve, or the SPR for short. The decisions that led to the largest drawdown of our vital oil in history requires oversight.

At its height, the SPR was at 695 million barrels under the previous administration. It now sits at 371 million barrels, which is a 47 percent reduction. It is nearly half.

On the first day in office, Joe Biden canceled the Keystone XL Pipeline, killing thousands of high-paying American jobs and openly attacking the oil and gas industry.

Less than a week later, Mr. Biden placed a moratorium on Federal on and offshore oil and natural gas leases. These actions increase the average price of gasoline to record highs by the summer of 2022, forcing Americans already struggling with out-of-control inflation to foot the bill for poor policy.

In an attempt to hide the failed results of an all of government war on our domestic energy industry the Administration recklessly turned to the SPR.

Joe Biden authorized the biggest drawdown in history, releasing more oil from the SPR than all other previous administrations combined. All other previous administrations combined.

In the last two years more oil has been siphoned off our reserves than in the previous 46 years. For a quick bit of history, the SPR was founded in 1975 for national security reasons to protect our country in times of war, national emergencies, or severe acts of God.

Now, seven months after President Biden authorized the first release of crude, gas prices reached an all-time high of just over \$5 a gallon in June 2022. Then the Administration tried to claim it was Putin's fault.

Well, news flash, it wasn't. Despite the Administration's flimsy claim of the, quote/unquote, "Putin price hike" that didn't necessitate the draw downs. The truth is Mr. Biden set up failure long before Russia crossed the border into Ukraine.

Shockingly, instead of cutting red tape and allowing domestic producers to even the scales of supply and demand, which would have driven down prices for consumers not only here at home but also alleviated pressures on our European allies, Joe Biden instead attacked American companies. He asked mini Putins like Venezuela to increase production instead of unleashing the American energy sector.

President Biden accused them of price gouging and demanded they ramp up production while refusing to acknowledge his Administration's role in the energy crisis.

His cancellation of the Keystone XL Pipeline, the moratorium on Federal on and offshore oil and natural gas, and even attacks on the American energy sector have driven this crisis.

Rather than lowering energy prices and encouraging domestic energy industry and supporting good-paying American jobs, the Biden Administration used the SPR as a stopgap to lower energy prices before the November midterm elections.

Further, the Administration sold millions of barrels of our crude to companies controlled by the Chinese Communist Party. So, why is the Biden Administration depleting our own emergency stockpiles to benefit foreign adversaries?

In fact, Secretary of Defense Lloyd Austin just issued a memorandum to his forces last week, which said, and I quote, "An increasingly aggressive China is trying to shape the international rules-based system to suit its authoritarian preferences," and I agree.

So, why is President Biden draining our SPR to fill China's? China has nearly 1 billion barrels in their reserve, and we have just about a third of that. So, that is unacceptable.

So, this hearing is going to examine why the Biden Administration is draining our SPR, the national security concerns with the depleted reserve, the long-term implications of renewables, exclusive—renewables exclusive political approach, and the practical policy solutions to ensure energy affordability and security for years to come.

We know that the Strategic Petroleum Reserve was formed to protect our country in what—remember, times of war, national emergency, and effects of acts of God.

Did any of these happen in the last two years? No.

Are we at war? No.

Did we have a severe act of God? No.

And did we suffer through a national emergency that would have necessitated tapping the SPR? No.

So, why under this Administration were 267 million barrels of oil depleted from our emergency reserve? So, the fundamental question that this hearing must help us answer is this. Did Joe Biden risk our national security and deplete our reserves by over 40 percent in a vain attempt to curry short-term political gain before mid-term elections?

I want to thank you again very much, and I recognize Ranking Member Bush for her opening statement.

Ms. BUSH. Thank you so much, Mr. Chairman.

St. Louis and I are here today to have a serious discussion about what energy security looks like for people, not corporations. This hearing is not that discussion. If House Republicans actually cared about preventing an energy and economic crisis from happening, they will commit to investing in renewable energy.

Unfortunately, there are no serious proposals being offered. Rising inflation caused by Russia's violent invasion of Ukraine and COVID-19 pandemic-related supply chain shortages, combined with dangerous corporate greed and our reliance on fossil fuels, has left the United States in a tenuous position of expensive, unreliable, and unsafe energy.

Let us be clear, the Strategic Petroleum Reserve was precisely created to be tapped in emergencies involving severe shortages of oil. Of course, I believe that the best way to avoid similar challenges in the future is to end our reliance on oil.

But there should be no doubt that President Biden employed it explicitly for its stated purpose, in an emergency when our Nation's families and people needed it most.

According to the U.S. Energy Information Administration, gas prices peaked at \$4.88 in the Midwest region last year and are now down to \$3.24 as of this week. People were struggling to get to doctor's appointments or to keep their heat on, and the Republican Party would have loved to do nothing.

While the drawdown of the SPR was necessary to bolster supplies in an emergency, future events can be best ameliorated or prevented by reducing our demand for and our reliance on fossil fuels.

But my Republican colleagues have unironically invited for-profit think tank and oil titans whose expertise is in maximizing profits, especially at the expense of our Black, our Brown, and our indigenous neighbors' health, safety, and well-being.

One of these so-called energy experts is a philosopher who has previously espoused white supremacist views. For instance, in his 2000 college newspaper he wrote, quote, "The African and American Studies Department has 23 classes. In many of these classes, African culture is presented not as a——"

Mrs. BOEBERT. Mr. Chairman, I demand the gentlelady's words be taken down. She just called the witness a white supremacist.

Ms. BUSH. No, I referred to the words, not to the person. Not to him, the words.

Mrs. BOEBERT. The gentlelady is referring to the witness' statement and referred to him as a white supremacist. I would like a parliamentary inquiry—

Ms. BUSH. No, I did not.

Mrs. BOEBERT [continuing]. Into having the gentlewoman's words taken down.

Mr. FALLON. The Chair—excuse me. The Chair recognizes Congresswoman Boebert.

Mrs. BOEBERT. Thank you, Mr. Chairman.

I would like a parliamentary inquiry into taking down the gentlelady's words—the Ranking Member's words—for insinuating that our witness made white supremacist statements using his words.

Mr. FALLON. OK. The Chair cannot take down words that are directed to our witness, only to other Members.

All right. The Chair recognizes Ranking Member Bush to continue her opening statement.

Mrs. BOEBERT. Mr. Chairman, parliamentarian inquiry.

Mr. FALLON. Say your inquiry.

Mrs. BOEBERT. Is it appropriate for the Ranking Members to show respect to the witnesses who are here present in the committee room today?

Mr. FALLON. I think it would obviously be warranted to show respect for any witness.

Mrs. BOEBERT. I would like that sentiment to be expressed and the Members to be reminded to show respect to our witnesses who are here today.

Thank you, Mr. Chairman. I yield.

Mr. FALLON. Thank you. The Chair recognizes Ranking Member Bush.

Ms. BUSH. As I was saying, "The African and African American Studies Department"—this is the quote, "has 23 classes. In many of these classes African culture is presented not as inferior to Western culture but as on equal footing with it. In other departments the same is done with Latin American, Indian, and American-Indian culture," end quote.

When confronted about these views over two decades later, rather than disavow them he doubled down on this narrative saying, quote, "It has nothing to do with skin color. I was arguing that those cultures overall are inferior to Western culture."

We are not inferior to any culture, speaking as a descendant of one of those cultures. This is the witness the Republicans invited to discuss issues of energy security. He came here to promote fossil fuels, which we know are disproportionately harming and killing Black and Brown people.

Last week, I joined Ranking Member Raskin and all of my Democratic Oversight colleagues in calling on Oversight Republicans to denounce white nationalism and denounce white supremacy in all its forms. Not one single Republican joined us.

So, I ask again today will my Republican colleagues condemn white supremacy and work with us to ensure this committee engages in advancing good and reducing harm rather than perpetuating it. That is respect.

Our committee needs to be focused on actions that will help people and prevent financial hurt and pain. Whether we deploy the SPR or we don't, the instability of our energy system will continue if we are reliant on oil.

Our committees need safe, reliable, renewable energy and more investments in public transit.

Thank you, and I yield back.

Mr. FALLON. Ladies and gentlemen, I am pleased to introduce our three witnesses today. I am looking forward to discussing the SPR and what policy initiatives should be implemented to ensuring Americans have access to clean, reliable, and affordable energy, and thank you all for your testimony.

Alex Epstein is an author, commentator, and president of the Industrial Progress, which he founded in 2011. He is a New York Times bestselling author of the books "Fossil Future" and "The Moral Case for Fossil Fuels."

His research focuses on the global benefits of fossil fuels as reliable cost-effective sources for both developed and developing the world.

And then we have Ilia Bouchouev is the former president of Koch Global Partners and is currently the managing partner at Pentathlon Investments and an adjunct university professor.

During his 20 years in the global derivatives trading, he pioneered several energy derivatives products and is recognized as a pioneer in this space. He holds a Ph.D. in applied mathematics.

And then we have Demond Drummer, who served as the managing director of Equitable Economy and was co-founder and executive director. He currently consults with the Institute on Race, Power, and Political Economy at the New School in New York City.

I look forward to hearing from each of you on this important topic.

Pursuant to Rule 9(g), the witnesses will please stand and raise their right hands.

Do you solemnly swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth so help you God?

[Witnesses are sworn.]

Mr. FALLON. Thank you. Let the record show that the witnesses all answered in the affirmative. We appreciate all of you being here today and, once again, thank you for your testimony.

Let me remind the witnesses that we have read your written statements and they will appear in full in the hearing record. Please limit your oral statements to five minutes.

As a reminder, please press the button on your microphone in front of you so that it is on and the Members can hear you. When you begin to speak the light in front of you will turn green.

After four minutes the light will turn yellow, and when the red light comes on your five minutes has expired and if you could then just wrap up your thought at that moment. We will give you a little bit of discretion.

And then I recognize Alex Epstein to please begin his opening statement, and because you were directly mentioned, as the Chairman's discretion I want to give you an additional minute if you would like to address the allegations levied on you against the Ranking Member.

**STATEMENT OF ALEX EPSTEIN, PRESIDENT, CENTER FOR  
INDUSTRIAL PROGRESS**

Mr. EPSTEIN. Yes, it would be great if they put up the cards again.

So, thanks for giving me a minute to address the truly despicable and false attack on me, claiming that anything I have ever said is white supremacist and then trying to imply that somehow applies today.

So, I don't know if you want to put those cards back up. But what I argued and what I have argued for my entire adult life is that Western culture is superior in the sense that it promotes individualism and freedom and I have fought my entire life for freedom around the world, including in Africa, including in Asia, including in India, and I want everyone around the world to have the same opportunities that I do in the United States.

There are different places around the world that are in many ways inferior. They have female genital mutilation. They have slavery. These are not as good as not mutilating females' genitals and not enslaving people.

And so, I make no apology and the idea that this is associated with skin color is despicable and racist. Skin color has nothing to do with ideas.

Where you came from geographically is irrelevant. What is relevant is what is true. So, you can ask more about that. But that was an insane diversion from the truth.

So, let us talk about the truth. The Strategic Petroleum Reserve is a crucial tool to protect America's oil security, which is the foundation of our national security, because oil powers our military, and economic security—oil powers modern mobility.

The Biden Administration is, unfortunately, abusing the SPR and as a result they are threatening our oil security. So, the purpose of the SPR is to aid the U.S. in securing a reliable supply of oil and oil fuels by providing an emergency stockpile of up to one-tenth of U.S. oil consumption to be used during major interruptions of supplies such as sabotage or disaster, then refilled after.

The SPR is only an aid to oil security. The core of oil security, which many here oppose, is facilitating a reliable affordable oil supply by protecting industries' freedom to invest in, produce, refine, and transport oil. Without oil industry freedom the SPR's modest stockpile can't make us secure.

Now, instead of protecting our oil security by protecting oil industry freedom and backing it up with an ample reserve, President Biden has damaged it by, one, attacking the oil industry's freedom, then, two, dangerously depleting our reserve for political purposes.

So, how President Biden has harmed oil security by attacking the industry's freedom? For over 15 years the global anti-fossil fuel movement with major leadership by Joe Biden has artificially reduced the supply of oil by opposing oil investment, production, re-

fining, and transport. When global anti-fossil fuel policies make oil supply go down and oil demand goes up, oil prices go up. It is really that simple.

Now, Biden blames Putin's war for today's oil prices. But the root cause is global anti-fossil fuel policies supported by Biden, which made oil and other fossil fuel prices artificially high prewar and prevented the free world from quickly increasing production in response.

More broadly, had Biden and other Democrats spent the last four years liberating U.S. fossil fuel investment, production, refining, and transport instead of restricting and threatening them, America would produce significantly more oil.

So, to summarize, instead of protecting the core of oil security, oil industry freedom, Joe Biden and other anti-fossil fuel politicians around the world have gravely harmed it for over 15 years by restricting oil investment, production, refining, and transport.

How Biden—how President Biden has further harmed oil security by abusing the SPR. The proper response by President Biden to Europe's and our vulnerability to Russia and to rising oil prices should have been apologize—apologize for supporting anti-oil policies and then lead a reversal of them to minimize further damage to our security and economy.

But instead of responding to artificially high oil prices, which are a consequence of anti-oil policies, with the reversal of those policies Biden chose to keep his anti-oil policies, but then lower short-term prices by depleting our SPR, which is now down to its lowest level since the early 1980's.

Even when full at 714 million barrels the SPR contains only one-tenth of U.S. annual oil consumption and now at 370 million barrels, it contains one-twentieth. This means less oil for real emergencies such as wars, terrorist attacks, or cyber attacks on U.S. oil operations.

Now, the Administration claims Putin's war is exactly the kind of emergency the SPR is designed for. This is totally wrong. Putin's war is not an oil emergency that justifies depleting the SPR now. It is a potential oil emergency that justifies keeping the SPR as full as possible.

Now, Biden's main goal in dangerously depleting the SPR has clearly been to lower gasoline prices to help his party's election prospects. This is the same goal he had when he asked OPEC+ to delay production cuts for just one month so that subsequent price increases would happen post-election.

Now, a president's discretion over the SPR gives them a sacred responsibility to use their best judgment about when to deplete it, doing so only when that is in their honest judgment what is best for the country's oil security, and President Biden failed to uphold this responsibility.

So, the solutions to our crippled oil security are, one, focus on liberating the oil industry as much as possible, including withdrawing this Administration's many threats, and then, two, commit to using the SPR responsibly, not politically.

Now, unfortunately, this Administration and some in this body are, one, continuing the attacks on the oil industry's freedom call-

ing for less freedom—even less freedom, which is a total disaster—and then, two, taking no responsibility for the abuse of the SPR.

So, I hope that this hearing is a step toward reversing this dangerous state of affairs and I welcome any and all questions.

Thank you.

Mr. FALLON. Thank you very much.

I recognize Mr. Bouchouev. Sorry about that. Help me out with your last——

Mr. BOUCHOUEV. Ilia Bouchouev.

Mr. FALLON. Ilia Bouchouev.

Mr. BOUCHOUEV. Yes. Thank you.

Mr. FALLON. All right. Awesome. Thank you very much. You are recognized.

**STATEMENT OF ILYA BOUCHOUEV, MANAGING PARTNER,  
PENTATHLON INVESTMENTS, LLC**

Mr. BOUCHOUEV. Thank you, Chairman Fallon. Thank you, Ranking Member Bush, and the Members of the Subcommittee for inviting me. It is my great honor to be here today.

I am an academic and scientist even though I spent most of my career managing the trading business. I would like to share some thoughts on how the science of markets can help manage the SPR.

The backbone of oil markets is storage. Storage, literally, buys time for the problem to go away. The problem of optimal storage management goes back to the very beginning of human civilization. It is a difficult problem to solve because a decision today depends on what might happen tomorrow, which, of course, we don't know for sure.

Let me illustrate with a simple example of Robinson Crusoe. Robinson Crusoe lives on a remote island and he has a finite supply of food. Every day he needs to decide how much food to eat today and how much food to keep for tomorrow.

If he decides to take his chances and eat the entire supply of food today, he will be risking his life. At the same time, not eating anything today is also suboptimal because he might get weaker and some food, like raw fish, may get rotten so you actually have to store it.

So, the optimal decision between today and tomorrow is somewhere in between. If you are managing the oil storage you are conceptually facing the same problem. A naive strategy would be to take the chances and sell oil out of the storage with the hope to replenish it when the price is lower.

This strategy is highly speculative, as the price of oil is unpredictable. A more prudent strategy, which is what commercial traders do, would be to lend oil to the market when the market needs it.

For example, you can—if the oil price today is 20 percent higher than the price in the future, you can lend 100 barrels today and receive back 120 barrels, which generates you 20 percent return for free.

The same two strategy of selling oil or lending oil are also available for management of SPR. Last year, unfortunately, the strategy of selling oil was chosen.

To put things into perspective, like the Chairman already mentioned, the magnitude was unprecedented. The sale not only exceeded all previous sales combined but it was three times larger than all of the emergency sales in the past 40 years.

While the strategy of lending barrels generate return with no risk, the strategy of selling oil generate a lot of risk with no return and I say no return because in the absence of actual supply disruption SPR cannot have any impact on the price of oil. The oil price is determined in the futures market, not in the physical market between buyers and sellers.

The world consumes 100 million barrels of oil per day. But on a daily basis, the daily trading volume of oil futures and options is 5 billion barrels a day, which is five times larger.

So, when it comes to the direction of oil prices, financial market is always going to dwarf and determine the direction of prices. For example, the recent weakening of oil prices is not driven by SPR but it is driven by macroeconomic conditions such as rising interest rate and increasing probability of U.S. recession.

One way to manage SPR more scientifically and efficiently would be setting up a rigorous rule-based nondiscretionary program of oil loans that takes advantage of market conditions and bring benefits to taxpayers. Essentially, there is no risk.

However, such a problem can only be set up once all the previous barrels are repurchased. At the moment, SPR strategy is a speculative trade. Fortunately, this trade is currently in the money, but the ultimate outcome of this trade will not be known until the trade is closed and the barrels are bought back.

This should be done sooner rather than later because the price of oil—before the price of oil rises again. All traders know that the risk can only grow in time. Waiting any longer would be similar to Robinson Crusoe playing with fire.

Thank you, and I will be happy to take your questions.

Mr. FALLON. Thank you, sir.

The Chair now recognizes Mr. Drummer for his opening statement.

**STATEMENT OF DEMOND DRUMMER, INSTITUTE ON RACE, POWER, AND THE POLITICAL ECONOMY, THE NEW SCHOOL**

Mr. DRUMMER. Thank you, Chairman Fallon, Ranking Member Bush, and Members of the Subcommittee for the invitation to give testimony during this hearing.

My name is Demond Drummer and I consult with the Institute on Race, Power, and Political Economy at the New School in New York City. The institute advances research to understand and ultimately undo the unjust identity group-based social stratification that harms individuals and communities.

I will use my time to show that, in light of the global energy price shocks resulting from the war in Ukraine, the Administration's decision to tap the Strategic Petroleum Reserve was the right decision in the short term to provide much-needed relief to the American people.

This is especially true for the nearly one out of every three people in America who live in or near poverty and pay a disproportional

tionate share of their limited household income to meet their energy and transportation needs.

To be sure, the Strategic Petroleum Reserve is not designed to offer a long-term solution to the problem with energy security. If our shared goal is to achieve true energy security, the path forward is clear—strategic and substantial public investments to accelerate our transition to a clean energy economy.

During the height of the oil price spikes last year, energy costs alone accounted for approximately half of all inflation. One year ago this month, the price of oil—of fuel oil, rather, surged 70 percent and the price of gasoline was up 48 percent and natural gas 21.6 percent.

Today, overall energy costs are still up 8.7 percent compared to last year, and while gasoline prices are up only 1.5 percent, fuel oil is up 27.7 percent and natural gas is up 26.7 percent.

The evidence is clear. Whether for powering and heating their homes or refueling their cars, the economic costs of fossil fuel energy are unsustainable for American households, especially those who are paid the least.

Energy is a nondiscretionary household expense. Households below the Federal poverty line spend 18 percent of their income on energy, nearly 10 times the energy burden of higher income households.

Households at 200 percent of the Federal poverty line spend six percent of their income on energy. That is three times the energy burden of higher income households. This is despite the fact that lower income households consume less energy on average.

Further, households in the bottom two income quintiles pay anywhere from 15 percent to 25 percent of their income on transportation costs alone. A high energy burden is not only a symptom of poverty, but in siphoning resources from other critical needs such as health care and childcare, it prolongs and exacerbates poverty.

The evidence is clear. American cannot drill our way to energy security. The geopolitical turmoil of the last year highlights the myriad economic risks of U.S. reliance on fossil fuels. The Russian invasion of Ukraine sent global fossil fuel commodities prices skyrocketing.

In light of the globalized market for fossil fuel energy commodities, the U.S. has very limited ability to insulate American households from the economic fallout of geopolitical conflicts.

In this moment, it is critical to align monetary, fiscal, and regulatory policy to accelerate adoption of low-cost renewable energy and promote the development of high-wage sustainable industries. Wind and solar energy are by far the most cost-effective sources of power generation on the planet.

However, in 2021, renewables accounted for only 20 percent of electrical power generation and only 12 percent of total energy consumption in the U.S., and beyond power generation, enacting an equitable and sustainable industrial policy that prioritizes people and the places where they live is the most effective way to insulate American households from fossil fuel price shocks while addressing the existential consequences of climate change that are being brought on by the fossil fuel industry.

This requires leveraging the full suite of economic policy tools available to direct public and private investments toward developing America's productive capacity to deliver the goods and services that will power an equitable and sustainable future for us all.

Thank you again for the invitation to testify. It has been an honor and I do look forward to your questions.

Mr. FALLON. Thank you, all the witnesses, and just as a reminder to the Members, we are just starting out here. This is our first hearing, and the issues that we are debating are important not only to the Members but to the witnesses as well.

And that said, this hearing and in future hearings we have in the subcommittee aren't about levying accusations and insults at our witnesses, at each other. I think that is disrespectful to everyone and part of the process and folks that are here as well listening in.

And quite frankly, it is a waste of time and I think it is unproductive. I ask the Members to please refrain from this kind of behavior and focus on the topic of the hearing, which today is the Strategic Petroleum Reserve and its depletions.

Thank you very much.

I recognize myself now for five minutes.

Mr. EPSTEIN, does the decision to deplete the SPR to historically low levels mean the Biden Administration has no real plan for American energy policy?

Mr. EPSTEIN. I think saying no real plan is too charitable. I think they have a very bad plan. So, the basic plan is to rapidly eliminate fossil fuels as soon as possible and then pretend that they can be replaced by unreliable solar and wind.

Unfortunately, I am seeing this advocated here today. But what the energy crisis should have taught us is that this doesn't work. You can only try to replace fossil fuels once you have truly cost-effective alternatives, which means reliable alternatives and which means replacing all uses of fossil fuels, including heavy duty transportation, industrial heat, et cetera.

So, I mean, it is worse than no policy. I wish they had no policy.

Mr. FALLON. Presidents have only declared emergency releases of the SPR on three previous occasions: Operation Desert Storm, Hurricane Katrina, and following the military intervention in Libya.

Did the Biden Administration properly use, in your opinion, the SPR?

Mr. EPSTEIN. No. As I tried to indicate in my testimony, I mean, it is wildly improper, and I think particularly you hear this rationalization about the conflict in Russia.

Whenever you have an escalating international conflict that is when you need to keep your reserve as high as possible. So, the idea of just depleting it to half of its level when we don't know what could happen, going forward, this is really, really precarious and I think it is pretty obviously politically driven.

And, you know, the obvious thing to do—you know, we are hearing talks about, well, this oil price increase has hurt low-income families. This is absolutely true. But if this Administration cared about that, why did every action they took lead to higher prices?

Why did they cancel the Keystone XL? Why did they threaten the industry—you know, I guarantee you we are going to end fossil

fuel. Why have they been focused on having the SEC be sicced on fossil fuel companies? Why was there, you know, a leasing ban on Federal lands?

Like, every action was directed at making oil more expensive and thus harming low-income families along with everyone else.

Mr. FALLON. Well, you just answered my next question. So, thank you for that.

Mr. Bouchouev, the witness—one of the other witnesses said that renewables are by far the most cost-effective source of energy. Do you agree with that?

Mr. BOUCHOUDEV. Well, the sun doesn't always shine and wind doesn't always blow. As I said in my testimony, storage is the backbone of financial markets. You can get renewables, but renewables can't really do a whole lot without the storage.

So, it is not a question about renewables. Renewables are great, but we need batteries. So, if you don't have storage, I mean, there is not a whole lot you can do.

Mr. FALLON. And, sir, how has China benefited from the decision to deplete the U.S. SPR?

Mr. BOUCHOUDEV. Well, I don't know if China benefited. But let us kind of—the data in China is very difficult to get to. Nobody really knows. But one thing that I know that we used to have a billion barrels in the reserves. Half of it was SPR. Half of it was private.

Now we are down to about 800 million, and 10 years ago China had about one-fifth of what we had, about 200 million, and based on third party data, last year China surpassed a billion.

So, we are kind of going down. China inventory is going up. Unfortunately, there is no clean data to put two graphs—two lines on the same graph. But based on what I have seen, they are really a mirror image of each other. So, as our inventories are depleting the China inventories are growing.

Mr. FALLON. So, China used to have—we used to have five times the reserves that China had.

Mr. BOUCHOUDEV. Correct.

Mr. FALLON. Now they have three times—most likely three times what we have?

Mr. BOUCHOUDEV. Not necessarily. As I said, our inventory is about 800 million. Three hundred seventy million is SPR and the rest is private. But private to what extent you can rely on them because they are held by a refinery.

So, if there is a crisis refineries are going to use them. You are correct that China has three times more than the government stocked. That is accurate statement.

Mr. FALLON. OK. And, Mr. Epstein, just a little off topic, but Western culture that you mentioned could exist in countries, let us say, in Japan and—

Mr. EPSTEIN. Well, yes, and it has proliferated to the great benefit of all, and it is really about—it is not really about the location. It is about individualism and freedom and reason.

So, it is certain values that are universal human values. The idea that freedom and reason and individualism only apply to people of certain skin colors that is the actual original racist idea,

versus no, no, no, whatever your skin color is these ideas are true and good for human flourishing.

Mr. FALLON. OK. Thank you.

The Chair recognizes Ranking Member Bush for five minutes.

Ms. BUSH. Thank you, Mr. Chairman.

St. Louis and I are here today to talk about the impact that fossil fuels have on our community. Let me start by telling you what energy security looks like in my community. In my community, energy security looks like having the lights on. It looks like families being able to stay warm.

It looks like children walking to school without contracting asthma from local air pollution. It looks like children being able to depend on stable internet to do their homework.

Energy security looks like this and so much more, and to my Republican colleagues here today I want you to know that this is what energy security looks like in your communities as well.

Energy security is about dramatically reducing our reliance on fossil fuels whose consumption disproportionately harms low-income families and communities of color. It is our communities that suffer the most from instability in the energy market.

Studies have repeatedly shown that Black and Brown communities pay a significantly higher share of our income in energy costs.

We are also more likely to live in communities where fossil fuels are extracted, where they are burned, and in places where the climate crisis is causing dangerous floods, hurricanes, and wildfires.

Mr. Drummer, can you tell us more about how the \$2 price jump in gas following Putin's invasion of Ukraine exacerbated the disparities and energy burdens for Black and Brown in low-income families?

Mr. DRUMMER. Absolutely. Thank you, Representative Bush.

We know that particularly in the larger metropolitan areas the lowest earners live the furthest away from the jobs. So, what does that mean? Those who make the least had to gas up and pay a very high percentage of their income just to get to work.

And so, when we talk about energy security, we know in 2020 when everybody was at home, fossil fuel prices, particularly oil prices, went through the—went down into the basement. They were in the gutter. What did that do? It put a lot of fossil fuel workers out of work.

So, Vladimir Putin put fossil fuel workers in the U.S. out of work and Vladimir Putin made it unaffordable to get to and from work in 2022.

And so, we cannot drill our way out of this situation. So, it is hitting folks' pocketbooks and that release was absolutely necessary.

Ms. BUSH. So, you describe that the price increases had a disproportionate effect on Black, Brown and low-income communities—families. How did the Administration's actions and the ensuring—the ensuing drop in gas prices—how did it help those same families?

Mr. DRUMMER. While there are a number of factors that affect the price of oil, in an interview with Oxford, I believe, Dr. B did concede that the strategic use of SPR did have an impact. It is hard

to quantify and hard to tell, but it definitely had an impact in the price of oil.

Ms. BUSH. We need to focus on making more public investments to lower our energy demand by taking actions such as expanding public transit and installing energy efficient technology like electric heat pumps.

Mr. Drummer, how does making investments in people through safe energy systems and people benefit climate justice and energy security?

Mr. DRUMMER. One of the exciting things from the Inflation Reduction Act are the domestic content requirements, so private capital can receive additional tax credits by paying prevailing wages for the construction of renewable energy and battery storage projects, as well as domestic sourcing of the components for these projects.

That is what is exciting about our renewable energy future, which includes batteries.

Ms. BUSH. Thank you. We must make massive investments in climate jobs and environmental justice and, frankly, this is a need that is overdue. I believe that we are going to build high-speed rail.

We are going to establish bus rapid transit systems in frontline communities. We are going to create green social housing running on renewable energy. We are going to win a green new deal that will benefit everyone and let me just say I cannot wait.

Thank you, and I yield back.

Mr. FALLON. Thank you.

The Chair recognizes Mr. Donalds for his five minutes.

Mr. DONALDS. Thank you, Mr. Chairman. Spirited committee already. A couple of things.

Look, if you are going to look at the costs for any American, especially Americans on the lower end of the socioeconomic spectrum, rising energy costs cripple them more than anybody else. I would assume every witness can agree to that, correct? Can we all agree to that?

OK. Mr. Drummer, I was reading through your testimony during all of the opening statements that we have in our committees. You say that fossil fuel—fossil fuel costs are unsustainable. Why is that?

Mr. DRUMMER. It is the data that I just shared, right. And so, even today, yes, gasoline is—as of the latest February 14 or so CPR report up 1.5 percent.

But that is off of the historic high from last year, right. This is gouging folks' pocketbooks. Again, the bottom two quintile—

Mr. DONALDS. Mr. Drummer, I want to—I am going to reclaim time now because I am asking this question. Are fossil fuel costs more expensive in the United States just because of the costs of actually drilling for and refining fossil fuel products or is it also because of government regulation with respect to fossil fuel products?

Mr. DRUMMER. The bottom two quintiles of earners pay 15 to 25 percent of their income—

Mr. DONALDS. I am asking you what makes it—but I am asking you what makes it more expensive. Is it just purely the procurement costs of fossil fuel or is it also the regulatory burdens on fossil fuel?

Mr. DRUMMER. It is the global fossil fuel market that we do not control. When there is chaos happening in Europe and Ukraine because of Russia's invasion that hits Americans' pocketbooks.

Mr. DONALDS. OK. But Mr. Drummer, people have been drilling for oil and using gasoline long before Vladimir Putin went into Ukraine. We have seen rises and falls in gasoline prices.

Let me ask you this. You say in your statement that renewables are actually the most cost-efficient form of energy. That is what you say in your statement.

Is that because renewable energy is largely subsidized by most nations in the world or is that because the actual per unit cost is being borne by the consumer? Is it the subsidy or is it the full cost? Which makes it most cost efficient?

Mr. DRUMMER. This is a great point you bring up, Representative, because actually fossil fuels are heavily subsidized more so than renewables right now and still renewables are more price competitive.

Mr. DONALDS. I am not sure what you are talking about, Mr. Drummer. You need to go back and check your facts.

Mr. DRUMMER. I will be happy to share the data with you after this hearing.

Mr. DONALDS. Real quick. Let us—I want to move on to a couple of things. Do you think we need more refineries in the United States, yes or no?

Mr. DRUMMER. Absolutely not.

Mr. DONALDS. So, you do realize that without more refineries in the United States the cost of fuel for all citizens, especially those at the lower two quartiles of the socioeconomic spectrum, are going to suffer as a result? You do realize that?

Mr. DRUMMER. Fossil fuel markets are a global market. We do not control the price of oil in the West—

Mr. DONALDS. But you do realize—

Mr. DRUMMER. We cannot drill our way out of energy—

Mr. DONALDS. Hold on. But you do realize that the supply of oil that goes to refineries in the United States, if you limit the capacity of refineries or continue to not allow them to expand or to actually get the necessary maintenance they are going to have less output capacity in the United States, which means all the products we use with fossil fuels, not just gasoline—the very glasses you wear, the very contact lenses I am wearing those are derivatives of oil and petroleum as well.

So, you do realize that by not allowing for new refineries you are going to increase the costs on the very people we are all trying to help?

Mr. DRUMMER. I think, again, we are talking about energy security.

Mr. DONALDS. Well, I would agree. This is energy security—

Mr. DRUMMER. Right.

Mr. DONALDS [continuing]. Because if you want to make sure that the costs for the people who have to buy products—you know, poor people, they don't have escape velocity. You know what I mean?

They don't have that. So, is it prudent to not allow for the things necessary to keep costs low in the name of the green new deal? Is that prudence?

Mr. DRUMMER. It is imprudent to double down on a losing strategy of drilling our way to energy security. It is not possible——

Mr. DONALDS. Mr. Drummer, do you realize that America was energy secure? Literally, four years ago America was energy secure?

Mr. DRUMMER. America was not energy secure four years ago.

Mr. DONALDS. We were actually——Mr. Drummer, do you not——do you not acknowledge the fact that we were exporting oil to other parts of the world in the United States? We were exporting.

Mr. DRUMMER. Absolutely. We were exporting——

Mr. DONALDS. Four years ago.

Mr. DRUMMER [continuing]. Natural gas last year when prices were going through the roof. It did nothing for domestic consumers of that natural gas. This is a global market and to insulate American households and our country from all the vagaries and chaos of the world, the best thing we can do, the most prudent thing we can do, is invest in batteries, renewables——

Mr. DONALDS. Mr. Drummer, let me jump to batteries real quick because I am running out of time.

Mr. DRUMMER [continuing]. To secure our energy future and not be reliant on the global supply chain.

Mr. DONALDS. Let me come to batteries real quick. Mr. Drummer, reclaiming my time.

Batteries are made up with elements. You need elements to actually create batteries.

Mr. DRUMMER. Rare earth minerals.

Mr. DONALDS. Do you acknowledge that most of the rare earth minerals and cobalt are being mined in other parts of the world, mostly with African child slave labor by the Chinese? Do you acknowledge that?

Mr. DRUMMER. I am crystal clear, and do you acknowledge that——

Mr. DONALDS. Do you think that is OK? Do you think that is OK?

Mr. DRUMMER. Absolutely——that is absolutely not OK.

Mr. DONALDS. You think it is OK for child slave labor——

Mr. DRUMMER. It is not OK.

Mr. DONALDS [continuing]. In Africa to provide batteries for us here in the United States?

Mr. DRUMMER. It is not OK.

Mr. DONALDS. So, which one is it? I am asking you. You just said it is OK.

Mr. DRUMMER. I didn't say it was OK. Let the record reflect I did not say it was OK. I said it is not OK.

Mr. DONALDS. Well, let me set the record straight because I am over my time. I don't think it is OK. I think it is wrong, especially considering——

Mr. DRUMMER. And I agree with you that it is not OK.

Mr. DONALDS [continuing]. That fossil fuels provide more than enough that what we need for our economy to survive.

I yield back.

Mr. FALLON. Thank you. Thank you, Mr. Donalds.

And Ms. Brown is recognized for five minutes.

Ms. BROWN. Thank you, Mr. Chairman. I would like to use my five minutes to highlight what an excellent job the Biden Administration has done in lowering gas prices on behalf of the American people.

With the legitimate tools at his disposal, President Biden effectively addressed the severe energy crisis sparked by Vladimir Putin's illegal invasion of Ukraine.

Facing uncertainty related to oil production in Russia, the world's second largest oil exporter, in addition to the aftershocks of the COVID-19 pandemic, the Biden Administration worked with the international partner—energy partners to release oil from the Strategic Petroleum Reserve on an emergency basis.

That is precisely why the reserve was designed, to bolster American energy in times of need. In Cleveland alone gas prices have fallen by nearly \$2 a gallon since their peak last year.

To my Republican colleagues, I would argue that is a good thing. When gas prices are lower working families can focus on the things that really matter and worry less about paying at the pump. To further elaborate on the reserve, I will turn to you, Mr. Drummer.

Mr. Drummer, why was the Strategic Petroleum Reserve created in the wake of the 1973 energy crisis?

Mr. DRUMMER. It was created for exactly this type of situation, to secure availability of oil for the American people in times of crisis.

Ms. BROWN. Thank you for that.

And Mr. Drummer, how did President Biden's efforts to lower gas prices benefit Americans, especially those most vulnerable among us?

Mr. DRUMMER. Right, and as even Dr. B concedes, the release from the Reserve did have an impact and, of course, the passage of the Inflation Reduction Act along with the others' packages are the long-term investment to really secure the energy security for this country and for households all across the country.

Ms. BROWN. Thank you so much. And I noticed one of our panelists didn't answer the question. So, I will ask you if you care to elaborate on your statement as highlighted by my colleague on the other side of the aisle.

The most cost-effective source of power generation on the planet is renewable energy. Would you care to explain that?

Mr. DRUMMER. Yes, we know—I mean, there is no argument that in terms of energy density nothing beats oil, right. But when it comes to the cost of drilling and the cost of pipelines and all that infrastructure it becomes less competitive with pointing what is literally a sheet of glass—it is not that, I am being simplistic here—to the sky and using the sun that God has given us and drawing down all that energy, converting it to electrons and sending it where it needs to go and then storing the energy when it gets dark. The same for the wind.

And so, just dollar for dollar, renewables are the most cost-effective form of energy, period. That is established fact. Notice Dr. B. said, but you need batteries, and yes, the Inflation Reduction Act does bring the batteries.

Ms. BROWN. Thank you for that.

So, I think we can agree that President Biden's decision to release oil from our Strategic Reserve was not only critical in a time of need but was perfectly suited to the Reserve's mission and if he had not done so, if President Biden failed to take decisive action when gas prices increase wouldn't we be here criticizing that decision?

On behalf of the folks back home in Ohio's 11th congressional District who can now more easily afford to fill up their tanks, I commend the President for his swift action.

And with that, I yield back.

Mr. FALLON. The Chair recognizes Mr. Perry.

Mr. PERRY. Thank you, Mr. Chairman.

Mr. Drummer, you just kind of mentioned your—first of all, were you alive during the 1970's era gas crisis? Just out of curiosity. I don't know. So, I am just asking.

Mr. DRUMMER. I wasn't born yet.

Mr. PERRY. You weren't. But you do acknowledge that that was the reason for the construction and the development—the advent of the Strategic Petroleum Reserve, right? You will acknowledge that, right?

Mr. DRUMMER. Yes.

Mr. PERRY. And do you know what caused—what precipitated that? Why did we do it? Why did America do it?

Mr. DRUMMER. I would like to follow your point here. Would you like to elaborate? I mean, it is—why did we do what?

Mr. PERRY. Why did we create a Strategic Petroleum Reserve? What was happening at the time?

Mr. DRUMMER. There was an energy crisis that was outside of our control.

Mr. PERRY. OK, and who was controlling it?

Mr. DRUMMER. The cartel that—of states that are the primary energy producers.

Mr. PERRY. In the Middle East, right?

Mr. DRUMMER. Right.

Mr. PERRY. The cartel states in the Middle East.

Now, they said there was an energy crisis. I was alive at the time, and they said there was an energy crisis and we were actually running out of oil. That is what they said. There was a limited supply and it was all going to run out and the prices were going up and you couldn't get it. You could only buy gas on odd and even days based on your license plate.

I lived through the whole thing. And so, we created the Strategic Petroleum Reserve to counteract the global market's control over it, right. Would you agree?

Mr. DRUMMER. I am following you.

Mr. PERRY. OK. You are following me. OK. So, and I would acknowledge you say it is a global market, which you said it is a global market, right?

But you just said with the last—with the last—my colleague from Ohio you just said that when the President released oil from the SPRO that it actually reduced cost, did you not?

Mr. DRUMMER. I am citing the Majority's witness on—who acknowledges that of all the factors that definitely did play a role. Not an outsized role, but it played a role.

Mr. PERRY. Did it reduce—did it reduce the cost or not? That is what I am asking. Did it reduce the cost or not?

Mr. DRUMMER. It did. But the Majority is arguing that that should not have been done.

Mr. PERRY. OK. So, it reduced the cost. But prior to this with Mr. Donalds you said it is a global market and there is nothing we can do to control it. If there is nothing we can do to control it how did releasing oil from the SPRO reduce the cost?

Mr. DRUMMER. It reduced the cost marginally. But the price was at an elevated level.

Mr. PERRY. I don't care if it is marginal or not. But it reduced the cost. The point is, is that we can do something about it because, sir, in your testimony you say that we can't drill our way to energy security.

But clearly, clearly, we can because we can influence the global market. That is exactly what just happened and you just admitted to it.

So, what we are here to talk about is the Strategic Petroleum Reserve and what it is used for. Do you know what it is used for? Do you know why it was designed? Do you know the definition why we have a strategic petroleum reserve?

Mr. DRUMMER. We have the reserve to insulate the U.S. from these types of energy shocks in times of crisis.

Mr. PERRY. In times of crisis. Emergency—national security emergency and natural disaster. What national emergency was occurring that required the release of so much, or literally any, of the SPRO? What national emergency was occurring during the Biden Administration that required us to do that?

Mr. DRUMMER. If I recall, there was a war in Ukraine.

Mr. PERRY. And that is a national emergency for the United States of America? Did it imperil the United States of America's ability to drill its own oil, produce its own fossil fuels, refine them, and get them to market?

Mr. DRUMMER. The President made a judgment that—

Mr. PERRY. Did it make—just answer that question.

Mr. DRUMMER. The war in Ukraine—what is driving up costs for oil to the extent to which it would mandate or even lead him to make the decision to make the release?

Mr. PERRY. Was it an emergency?

Mr. DRUMMER. It was a global—it was a global energy crisis. This is well established. Are we debating the facts here?

Mr. PERRY. No, it is not. Sir, you cannot say it was well established when it is not well established.

Mr. DRUMMER. There was global—record costs in energy globally, record costs in food prices globally.

Mr. PERRY. You also say—sir, reclaiming my time. What established facts do you have? You say that wind and solar are by far the most cost-effective sources of energy on the planet and you say it is an established fact. What are those established facts and who established them?

Mr. DRUMMER. I invite you to read the footnote and source for that claim in my testimony.

Mr. PERRY. Just tell me. This is your testimony. You just tell me and tell us what the established facts are.

Mr. DRUMMER. Renewables, particularly wind and solar, are the most cost efficient and cost-effective means of producing energy on this planet?

Mr. PERRY. Says who? Says who? Says who?

Mr. DRUMMER. Says physics. Says scientists and engineers.

Mr. PERRY. No. No. Who is the person? Name and cite the study, sir.

Mr. DRUMMER. Give me a moment. I am going to look at the report that I cited and give you the name of the report that—

Mr. PERRY. Sir, have you ever worked in the energy securities market?

Mr. DRUMMER. I have worked at the grassroots levels. I have worked at the national level—

Mr. PERRY. The energy securities market. The energy securities market. Have you advised—

Mr. DRUMMER. I have not worked in the energy securities market, but it doesn't take an energy trader. It doesn't take—

Mr. PERRY. Sir, you have got as much experience as I do, and I pump gas for a living.

Mr. DRUMMER. It doesn't take an energy trader to see—

Mr. PERRY. That is what this is about. I yield the balance.

Mr. FALLON. Thank you.

The Chair recognizes Representative Holmes Norton.

Ms. NORTON. Thank you, Mr. Chairman.

Let me just say it is not surprising that during the Trump Administration my Republican colleagues had no problem with President Trump's authorizing releases from the Strategic Petroleum Reserve in response to an attack on oil refineries in Saudi Arabia.

This is pure public opportunism. Let me get to my question. I have a question here for Mr. Drummer. Last year, we tapped the Strategic Petroleum Reserve to prevent a global economic crisis and temper the spike in the price of oil caused by Putin's invasion of Ukraine. I think that has been established.

But the Biden Administration's swift action revealed a key lesson about how to achieve energy independence. It is just not the lesson my Republican colleagues think.

After expanding—after years of expanding production, the U.S. is the world's largest oil and natural gas producer but we still we are still not energy secure. More oil and gas production has not led to energy security. American consumers fell victim to the global price shocks that came from the Ukraine war.

Mr. Drummer, I want to drill down, forgive the pun, on a point you made and ask can we drill ourselves out of global price shocks like my Republican colleagues are suggesting?

Mr. DRUMMER. Thank you for the question, Representative.

Again, I want to remind the committee—let us recall 2020 when people were driving less, right. We were shut down for the pandemic, quarantining and whatnot, and the price of global oil went to the basement, and around then you needed about \$60 a barrel for it to be profitable to drill in the U.S.

It was down to, like, \$15, \$16 a barrel, which means there were fossil fuel workers who were put out of work, not because of some law or regulation, but because at this point a king in Saudi Arabia and an autocrat in Russia could not agree on the production reductions. And so, there was a disagreement within OPEC and that drove fossil fuel workers in the U.S. out of jobs.

The reality is that this market is bigger than the U.S. We can be a player. We are a player. It doesn't matter. Folks are still paying 15 to 25 percent of their income to commute to and from work.

So, we cannot drill our way out. The best way forward is to turn to renewables and make the massive public investments we need to achieve true genuine energy security, which is not vulnerable and prone to any foreign interference.

That is what is being argued here.

Ms. NORTON. Exactly. The prices are determined by global demand. We can never drill enough to insulate ourselves from Russian invasions, of Saudi production cuts.

Mr. Drummer, why do renewable energy sources provide more price security for American consumers?

Mr. DRUMMER. It is the same argument for onshoring supply chains. The same can be said for onshoring energy. And when backed with batteries, we know with solar the highest costs with solar are—once it is built in and you are paying down, you know, your investors and creditors, it doesn't take much to maintain.

It is very inexpensive to provide solar energy, and so with battery storage with wind we are really positioned to drive down the costs. And not just—and I didn't put this in my report, but we add renewables—we add energy efficiency insulating homes and all the jobs that we created from that work as well.

So, there is a path forward with renewables because they are not vulnerable to the same geopolitical shocks that we are experiencing today.

Ms. NORTON. OK. As we can see from the chart behind me, if I can have that chart up, of the 10 congressional districts in the country with the most clean energy projects being developed right now, nine are Republican districts, including Speaker McCarthy's, Mrs. Boebert's, and Mr. Sessions' districts because investing in clean energy is a matter of good business and common sense. Just ask your own constituents.

I yield back.

Mr. FALLON. The Chair recognizes Mr. Fry for his five minutes.

Mr. FRY. Thank you, Mr. Chairman. Thank you for having this hearing today and thank you for the witnesses for taking your time.

I am struck a little bit by the purpose of the hearing, Mr. Chairman, that we are here to discuss Joe Biden's withdrawal of the SPR inappropriately, in my opinion. But we seem to hear a lot, unfortunately, I think, about distractions. Obviously, we have already attacked some witnesses.

Mr. Epstein, I am sorry about that. But, you know, the definition of the SPR is that it is intended as a cushion to, quote, "diminish the vulnerability of the United States to the effects of a severe energy supply interruption and provide limited protection from the

short-term consequences of interruptions in supplies of petroleum products.”

To me, if you look at the history of this, Mr. Chairman, we have only done this since its inception in the—before my time in the 1970’s—we have only done this three times. We have only withdrawn from the SPR three times.

Mr. Epstein, in your opinion have you ever seen this level of withdrawal in any president?

Mr. EPSTEIN. Nobody has because it is unprecedented.

Mr. FRY. Right. So, we have three presidents that have tapped it for a limited purpose when there has been a disruption in the marketplace—for a limited purpose.

And now, under this President we have seen 226 million barrels. In your opinion, do you think that that was an appropriate use of the SPR?

Mr. EPSTEIN. I think it was wildly inappropriate because the underlying cause was the anti-fossil fuel policies that Joe Biden has supported for 15-plus years.

So, the solution was, obviously, to correct that root cause, which we could have encouraged production around the world and the shale revolution showed us that we can make a big difference in global production ourselves.

And then, in particular, because there is a lot of uncertainty about Russia, we need the SPR as full as we can get. It doesn’t make any sense to drain it before a potential catastrophic conflict arises.

Mr. FRY. Dr. Bouchoev—help me here.

Mr. BOUCHOUDEV. That is good.

Mr. FRY. That is good. Can you explain the magnitude as well to the answer the same question? In theory, I guess presidents can authorize emergency releases to buffer the market and also replenish an oil stockpile.

Why might have the Biden Administration acted improperly in 2022?

Mr. BOUCHOUDEV. Well, there was really no emergency disruptions. There was plenty of oil. The price was high for sure. But as I stated in my testimony, the price could be high for a bunch of different reasons.

I think sometimes there is a misconception that as there is more demand than supply—price go up. Not always the case. The rule No. 1 of free markets price goes up because there are more buyers and sellers and there are more buyers and sellers for totally unrelated reasons such as inflation or interest rate hike, trying to control the price. That is very irrational decision.

As I said, you cannot do that. If I were making such a decision in private practice, I would have probably lost my job, and there were no actual disruptions in the physical market at the time.

Mr. FRY. Thank you.

Mr. Epstein, you tweeted last week on March 3, stating, “As I have documented extensively, had Biden and other Democrats spent the last three and a half years, including two of the Biden Administration, liberating U.S. oil and gas investment, production, and transport instead of strangling them energy would be far cheaper.”

Mr. Epstein, has the Biden Administration offered any realistic solutions to bring the price of gas down?

Mr. EPSTEIN. No, they have been in total denial, and they are compounding the problem. I mean, this is a president who ran on, I guarantee you we are going to end fossil fuel.

The U.S. is the leader of the world. Again, we have huge capacity ourselves. We can also lead the world. Imagine instead of going to—you know, going to Egypt and saying, hey, let us all get rid of oil as quickly as possible, Biden had said, look, this energy crisis shows we are crazy—we need to reverse course, we should be leading the world on policy.

And just, by the way, in terms of security, I keep hearing this and it drives me crazy. People are talking about renewables as secure.

The entire supply chain is dependent on China. It is true that it is nothing like oil. It is incredibly more insecure than oil. China controls renewables far more than Russia controls oil or natural gas.

Mr. FRY. What do you see as possible solutions to creating more affordable energy, particularly more—or cheaper energy prices for consumers?

Mr. EPSTEIN. I mean, the main thing is you have to have actual free markets, not subsidize things that are unreliable and can't survive on their own, and I think we need—we have a whole of government attack on fossil fuels.

The first thing we need is a whole of government support for all—for freedom for all forms of energy. And until that stops the energy industry is going to be terrified. Many executives have spoken up and said, hey, it is the whole of government attack on our industry. That is the reason we are afraid to invest.

Mr. FRY. Thank you. I yield back, Mr. Chairman.

Mr. FALLON. Thank you. The Chair recognizes Ms. Stansbury for five minutes.

Ms. STANSBURY. All right. Thank you so much, Mr. Chairman.

And I also want to take a moment to congratulate you as chairman of this committee. This is, of course, our first subcommittee hearing this morning and I do want to welcome our witnesses.

I do feel like some of the behavior of our colleagues and how they have addressed our witnesses has been unbecoming of this institution. So, we try to welcome folks who come before us. But it is important, of course, to reveal, you know, what is going on here and I want to really take this opportunity to talk about what exactly this hearing is.

I think we have seen some interesting and bizarre theatrics this afternoon and some challenges in really understanding the basic facts of how the global energy market works, and leading the American people astray.

So, I want to just take a couple of minutes here and also ask our witnesses some questions and establish, you know, what is actually driving energy inflation and energy prices in the United States, namely, oil prices at a global level, and this last year the war in Ukraine and also, which we haven't spoken about as much, Putin and OPEC+'s actions in the middle of last year to constrain global production, which highly impacted our economy and which the

President took emergency action to address—the issues of how Democrats and the President are trying to address these energy security issues here in domestic markets and, of course, the talk about the action that we have taken as a body here in this Congress and the President to address our energy security long term, namely, global climate change.

But I think it is important before we kind of dive into the details of these issues to talk a little bit about the spin of this hearing and some of the misinformation that we are hearing and I think it is important for us to acknowledge, as the Chairman himself said, that actually two of our witnesses here today are actually fossil fuel industry folks.

And in fact, Mr. Bouchouev, I know we have already established this, but you worked for the Koch Brothers organization for more than 20 years. Is that correct?

Mr. BOUCHOUEV. I worked for the company called Koch Supply & Trading.

Ms. STANSBURY. Yes, which is the global partnership and industry operated by the Koch brothers, correct?

Mr. BOUCHOUEV. It is a trading company that is owned by Charles and David Koch—majority owners, yes.

Ms. STANSBURY. Yes, of course. OK.

And Mr. Epstein, I do—you know, I know it is difficult and we had some, you know, bizarre commentary, I think, in this hearing. But it is important for us to really understand who the people are that are coming before us.

Mr. EPSTEIN. Sure.

Ms. STANSBURY. And is it not true that one of your clients is actually a coal trade association? Just a—just a—

Mr. EPSTEIN. So, I just want to correct—so you falsely said I was a fossil fuel industry member. That is what you are—

Ms. STANSBURY. Just a yes or no answer. Do you work for the coal—

Mr. EPSTEIN. No, I can't give a yes or no answers to a loaded question. So, you can—you can ask me—

Ms. STANSBURY. Do you—do you—do you—Mr. Epstein—

Mr. EPSTEIN [continuing]. And you get a real answer or you can just—

Ms. STANSBURY [continuing]. Do you work for a coal trade association, yes or no?

Mr. EPSTEIN. I don't work for anybody. I have dozens of clients whom I advise. I do not follow them.

Ms. STANSBURY. OK. Mr. Epstein—Mr. Epstein, do you advise a coal trade association, yes or no?

Mr. EPSTEIN. Proudly. I advise many people and I am proud of it.

Ms. STANSBURY. Yes. OK. OK, great. So, we have already established that two of our witnesses are here on behalf of the fossil fuel industry.

Mr. EPSTEIN. Not true. That is not true. I am not on behalf of them. I am here on behalf of myself. So, you are lying.

Ms. STANSBURY. I am reclaiming my time. Thank you.

So, you know, I think it is important to establish that two of our witnesses who are here—they have been called by the Majority—

really lack just basic credibility around the facts. But to add insult to injury we have also got this issue about these past comments about racial superiority of Western cultures. And so, obviously, I think we are all very disturbed that the——

Mr. EPSTEIN. It wasn't racial superiority.

Ms. STANSBURY [continuing]. That the Majority would stoop to this level to call witnesses who are not fit to actually testify on these very important issues.

And as a representative for New Mexico, which is one of the major energy producers in the United States, I want to just be clear on the facts. So, let us talk about the facts.

Last year, Vladimir Putin invaded Ukraine. Months later, he went to Saudi Arabia and OPEC. They constrained oil production, it jacked up global oil prices, and President Biden and his Administration took an emergency action to lower gas prices.

The U.S. Treasury studied it. It lowered gas prices up to \$.38 at the pump per gallon. It actually helped alleviate a massive economic crisis in the United States at the end of the summer as we were facing fuel and food shortages, and American production is at an all-time high.

So, those are the actual facts and I am deeply disturbed to see that the Majority is holding a false hearing to spin misinformation to the American people about what is actually happening in energy markets, the ways in which we have lowered prices, and our efforts to make America and the planet more secure by passing the largest single piece of legislation to address the global climate crisis not only in American history, but in the history of the planet.

Thank you, Mr. Chairman.

Mr. FALLON. Thank you very much.

We are going to have a second round of questions. Each Member will get five minutes if they choose to take them and, as such, I recognize myself for my five minutes.

So, let us talk—you know, we heard about facts. So, let us talk about some facts—indisputable facts. January 20, 2021, the price—the national price for gasoline on average was \$2.39. That is when this Administration began. That is a fact.

How about another fact? On February—I believe it is February 24, 2022, Vladimir Putin invaded Ukraine. That was the Putin price hike, except to an inconvenient truth, to quote someone that wrote a book about that about 20 years ago, was the fact that the price of gasoline at that time was \$3.52 national average.

It was 47 percent higher before Vladimir Putin crossed into Ukraine. So, who is going to own up on that? And at its peak it was \$5 and a penny, which was 110 percent increase from what he inherited. And today, even today, after all this miraculous intervention by the Biden Administration, it is still \$3.41. It is 38 percent higher.

So, another thing—another fact, an inconvenient one—this is why we are having a hearing about the Strategic Petroleum Reserve—is it was only drawn down three times and when it was drawn down—Desert Storm, 1991, 17 million barrels; 2005, Hurricane Katrina—that was a catastrophe in Louisiana—21 million barrels. And then the military intervention in Libya in 2011 was 31 million barrels.

And then Joe Biden, it is not 16 or 17 or 20. It is 227 million barrels. That is a multiply—10 times multiplier in the reduction.

And then this interesting question about how there are—the energy security can be best achieved with renewables. I have no problem with renewables. I don't know any of my Republican colleagues that do.

I am all for wind and solar. I am for a comprehensive, realistic approach. Because I can tell you that I am going to get on my unicorn and ride it to a pool to visit my mermaid that was financed by a leprechaun because that is pie in the sky and it is not reality.

The fact that the President of the United States in his State of the Union said, we are going to need fossil fuels for maybe 10 more years, well, heck, I would love to say that we are not going to need them next year.

But that is not the reality, and I can't wait if we are here 10 years from now because it is going to be—very little is going to change, and even when you make a transition that takes a decade or two. There is 200 countries on the planet.

Mr. Drummer, why isn't any of them doing what you just said? If it is more efficient and more cost affordable shouldn't—renewables should be dominating the industry right now—dominating the energy sector. Why aren't they? Yes.

Mr. DRUMMER. It is, honestly, because there is too much money to be made. It is why my co-witnesses are here. It is why you are holding the line that you are holding.

Mr. FALLON. Whoa. Whoa. No, no, no, no. That is—that is—

Mr. DRUMMER. There is too much money to be made in the short term and that is what it is. That is just reality.

Mr. FALLON. Oh, that is going to—hold on—hold on. I reclaim my time. I reclaim my time.

That is absolute leftist bunk and this is why, and respectfully, because not everybody is in the oil and gas industry. If you are in the energy sector and you can make dough on providing wind and solar, why wouldn't you do it? That is a rhetorical question. That is obvious.

Mr. Epstein? Mr. Epstein?

They do it when they have incredible subsidies. If they would just do it with their own money that would be one thing. Energy security—renewables are going to do it for us? We are going to be relying on China?

Mr. EPSTEIN. I mean, it is just crazy that we can talk about solar and wind being incredibly energy secure when the supply chain is just completely dominated by China, which at this—they can cut it off at a moment's notice. So, they can destroy the whole thing. So, that is one.

And then two is—this is very important when we hear these bizarre claims of cheapness—solar and wind cannot replace fossil fuels. So, solar and wind are unreliable intermittent sources of electricity. Not all energy, electricity. They can go to near zero at any given time, which is why they need near 100 percent backup.

So, when you have solar and wind you can't just look at the price of the panels and the wind turbines. You have to look at the price of the backup and this is why in California where I live, in Ger-

many and Denmark, you see skyrocketing electricity prices the more solar and wind you use.

So, they don't replace costs on the grid. They add costs to the grid. So, it is just a total—it is a proven fiction that solar and wind are cheaper and replacements for fossil fuels.

Mr. FALLON. Mr. Drummer, do you recognize that to move an 18-wheeler there is only two things that can do it right now, natural gas or diesel fuel? Do you agree with me on that? The only way it is going to move some big rig like that.

Mr. DRUMMER. I disagree with you on that. But I am following the line of questioning.

Mr. FALLON. What—oh, you could make a billion dollars. How do you move an 18-wheeler?

Mr. DRUMMER. So, there is a thing called research and development and there are companies—

Mr. FALLON. Does that exist right now?

Mr. DRUMMER [continuing]. Working—human ingenuity is something that we need to lean in on. There are companies developing—

Mr. FALLON. No. Can we—can we move an 18-wheeler right now? Sir, can we move an 18-wheeler right now?

Mr. DRUMMER [continuing]. Battery powered, electric powered rigs—

Mr. FALLON. Are they on the road right now en masse?

Mr. DRUMMER. There are companies developing a range of technology—

Mr. FALLON. Oh, they are developing. They are not on the road right now?

Mr. DRUMMER. It is a thing called research and development.

Mr. FALLON. OK. So, they are not. Thank you. I yield.

OK. Ms. Stansbury, I recognize you for five minutes. Go ahead.

Ms. STANSBURY. Thank you, Mr. Chairman.

Well, just on that last point we should clarify that yes, in fact, there are electric freight vehicles on the road and it is anticipated over the next 10 to 20 years our entire vehicle fleet will be electrical, and that that is one of the necessary steps that we have to take in order to address the climate crisis.

And so, I want to just use this second round to talk some more about the climate crisis specifically and the things that we are doing through the Inflation Reduction Act and talk to you, Mr. Drummer, about some of the work that you have done around climate justice and building more equity into the kind of clean energy economy that we are building.

So, I want to just reiterate that this August, Democrats here in the House of Representatives and in the U.S. Senate passed the largest single piece of legislation not just in the history of the United States but in the history of the world to address our climate crisis, and I think some of the factual challenges that folks are having in this hearing today is that to address the climate crisis we have to address it across all sectors.

That is correct, Mr. Drummer, right?

And so, we have to do it across the electricity sector. We have to do it across vehicle sectors. We have to do it in terms of our emissions, our building materials, things like that, and the Infla-

tion Reduction Act is the most comprehensive piece of legislation to ever be created to help invest in all of those sectors so that we can actually avert passing a tipping point in our global carbon emissions and we can make this transition that will be necessary so that our communities do not suffer more.

And I mentioned in my comments a few moments ago I am from New Mexico. This summer we just had the largest wildfires ever in the history of our state. Our state is experiencing a millennial drought right now.

So, climate change is already here. We are already experiencing it. I am a water resources manager. I have worked on these issues for many, many years and we already see the signature of climate change.

And what we know is that if we don't implement the IRA and the 40 percent emissions reductions that are in it, we will see even more catastrophic impacts for communities, which is why we are seeing such industry resistance and, of course, these strange attacks here.

So, Mr. Drummer, I wonder if you could talk to us about what exactly is meant by the idea of a just transition and how do we build equity into this movement?

Mr. DRUMMER. Right. The idea of a just transition is about, one, the places who are most affected and first impacted not only by the fossil fuel infrastructure. The emissions, the extraction—you know, it is a product that poisons people and our environment across its entire product lifecycle.

So, the folks who are most affected by that should be prioritized in how we transition, which is why the Inflation Reduction Act gives additional tax credits to private investors, right, who are siting renewable energy and battery storage projects in those types of communities.

A just transition also acknowledges that there are many, many people who work in the fossil fuel sector. I was talking to one the other day who put his family—all his children through college welding pipes on—it might not be the technical term but that is what he did—and the idea is that they should have a way into the clean energy economy.

And, by the way, there is a lot of work to be done to wind down this infrastructure, to seal this infrastructure, and to maintain this infrastructure safely so it doesn't leak and start poisoning our environment when it is no longer in use.

And so, that is the idea of a just transition that we can bring everybody along and everybody can be part of this clean energy economy.

Ms. STANSBURY. Thank you, Mr. Drummer.

And I personally really appreciate that, and some of some of the folks who are here on the committee today know because I serve on the Natural Resources Committee and have talked about my family's story.

But my parents were both energy workers. My mother was a crane mechanic who helped build a coal-fired power plant in northwestern New Mexico. My father was a boilermaker and a welder in the oil fields working for one of the major global oil companies.

And so, a just transition isn't just for communities who are living in natural, wild, beautiful places. It is for the communities that are really at the heart of this transition to make sure that they have dignity, that they have jobs, that they are able to build communities and economies that really reflect their values, their cultures, their languages, and their needs.

And so, I am really grateful that you are on the front lines of this effort as a thought partner to us and just appreciate the opportunity to have the conversation about it.

So, thank you, Mr. Chairman. I yield back.

Mr. FALLON. Thank you. The Chair recognizes Representative Boebert for five minutes.

Mrs. BOEBERT. Thank you, Mr. Chairman. So, obviously, the day that he took office Joe Biden unilaterally declared an all-out war on American energy production, from shutting down the Keystone XL Pipeline, which has been mentioned, on day one, imposing new rules to block pipeline projects, canceling oil and gas leases on millions of acres in Alaska and the Gulf of Mexico, imposing moratorium on new Federal oil and gas leases on Federal lands, and he single-handedly regulated our communities into poverty.

We want to talk about lifting people out of poverty, well, my communities in my district that I am proud to represent have been regulated into poverty because these good-paying jobs are no longer there. Now we are talking about affordable housing and childcare because the good-paying jobs are gone. They are not in my district anymore.

And so, what did Joe Biden do? He helped lead these record high gas prices right before an election by draining the Strategic Petroleum Reserves. He depleted them. He begged our enemies for oil.

Now, a lot of this has been brought up today and, Mr. Epstein, I would love to get to you. The Inflation Reduction Act—the IRA—was recently brought up, which is really the green new deal.

And, Mr. Epstein, I am curious, would the Inflation Reduction Act with its billions of dollars, hundreds of billions of dollars, going toward green new deal energy policies, is that going to protect us from a climate emergency?

Mr. EPSTEIN. Thank you. So, if you are thinking about emissions,—we will talk in a second about whether there is a climate emergency—but if you are thinking about emissions there is obviously only one way to reduce emissions if you are talking about CO2 emissions because this is a global issue, and that is to make low carbon energy globally cost competitive.

So, anything you are doing just to randomly subsidize the U.S., fleece taxpayers to make things more expensive, or to do these things that can't work on the market, that doesn't accomplish anything at all.

So, what we need to do is things like liberate nuclear, liberate natural gas, liberate development so we can have things like deep geothermal. But you need real market things.

So, first of all, the IRA doesn't accomplish anything in terms of globally cost competitive solutions and, in fact, it keeps over subsidizing solar and wind into the indefinite future. So, it is a total mess.

Also, this idea of a climate emergency is a falsehood. There is a difference between climate impact and climate emergency. This idea that we are all going to die very soon from climate is empirically false.

We are actually safer than ever from climate-related disasters. Fossil fuels have helped us do things like alleviate drought, heat our homes when it is cold, cool our homes when it is hot.

Like, fossil fuels have actually made the climate far safer for human beings. So, any concern with emissions should be long term and nonemergency.

It is actually this emergency mentality that led Biden to say, I guarantee you we are going to end fossil fuel, and led to all of these catastrophic policies that you are referring to.

So, what we need is energy freedom where all forms of energy can compete, and insofar as solar and wind can be cost competitive and actually provide reliable electricity, great. But forcing inferior energy on us is a disaster and it causes an energy emergency in the name of a phony climate emergency.

Mrs. BOEBERT. Thank you, Mr. Epstein.

And I have a simple question for you. Was America energy independent under President Trump's Administration?

Mr. EPSTEIN. So, it was much—I would put it as much, much more energy secure. That is how I would put it, much, much more energy secure, and in part because President Trump was saying to the industry, we are going to leave you free in the future, whereas I want to quote one of America's leading oil executives, Cody Campbell, who said, "yes, Biden's war on the oil and gas industry is driving shortages and high prices," and he cited specifically the Democrats' idea that the need for oil and natural gas is soon coming to an end.

Mrs. BOEBERT. And, Mr. Epstein—Epstein, excuse me—would you say then America is not energy secure now or is less energy secure?

Mr. EPSTEIN. Yes. We are less energy secure because we are more and more dependent on unreliable forms of energy, specifically electricity, and we have threatened the fossil fuel industry going forward, and where I live in California is the perfect embodiment where we said no more internal combustion engine vehicles and then five days later Newsom said, don't charge your electric car.

Mrs. BOEBERT. Correct.

Mr. Epstein, what should the Federal Government do to help increase our energy security as quickly as possible?

Mr. EPSTEIN. So, the first thing is just to apologize. Like, it is really, really important to say, we have been in the wrong, and I know that that is difficult, but it needs to happen.

And then this whole of government thing needs to change because the root cause is the whole of government attack on fossil fuels and the net zero commitment.

I think a first really good action would be to immediately withdraw from the Paris Climate Accords and encourage every other country to do the same. That would be a great action.

Mrs. BOEBERT. Thank you. I think an apology is necessary to the American people because I do see this as sabotage.

But, Mr. Epstein, you have illustrated the dangers of energy insecurity and abusing the SPR. Are we making other areas in addressing energy security?

Mr. EPSTEIN. Yes. So, we are making many. I know we are about to be out of time. We are making many, many other errors, and I would like to offer particularly to Representative Stansbury, who told several lies about me, if you want to know the truth about me in this issue, I will sign a copy of "Fossil Future" for you so you can learn the facts.

Mrs. BOEBERT. Great book. Thank you, Mr. Epstein.

Mr. EPSTEIN. Thank you.

Mr. FALLON. The gentlelady's time has expired. A very generous offer, by the way.

Mr. EPSTEIN. Thank you.

Mr. FALLON. The Chair recognizes Ms. Luna.

Ms. LUNA. I actually want to see if Mr. Epstein wanted to use some of my time to address some of the lies that Ms. Stansbury told about you.

Mr. EPSTEIN. Oh, sure. Yes, that is great. So, the—so there is an argument that I—and I don't have the exact transcript but the basic ideas that I am bought—

Ms. STANSBURY. Mr. Chairman, I would like to raise a point of order, please.

Mr. FALLON. OK.

Ms. STANSBURY. Mr. Chairman—

Mr. FALLON. The gentlelady will state a point of order.

Ms. STANSBURY. Yes. Mr. Chairman, I would like to inquire about the Chair's read on the rules for this committee pursuant to what we adopted in terms of name calling and correcting—

Ms. LUNA. Can I—can I take back some of my time right now? Because I am interested in the facts.

Mr. FALLON. No, you are—we are going to—

Ms. LUNA. OK. I just want to get the facts from you.

Mr. FALLON. OK, hold on one second. There is a point of order. Ms. Luna, your time is frozen.

Ms. LUNA. Thank you.

Ms. STANSBURY. Mr. Chairman, I would like to ask that the words be taken down by the gentlelady from Florida regarding her name calling of me and the assertion that somehow the factual exchange that I had between myself and the witness were somehow other than a normal asking of questions to a witness.

Mr. FALLON. All right. Just give me one second. Thank you.

Ms. STANSBURY. Thank you.

[Chairman reviewing the rules.]

Mr. FALLON. So, what I want to do is real quickly read our rules of witness decorum and I would remind them that this is a violation of the rules of the House of Representatives to engage in personalities regarding the President or make statements that are personally offensive to him, that the rules govern Members in debate and also applies to us as witnesses deliver their testimony.

And so, what I would ask is if Ms. Luna could perhaps rephrase to say maybe some untruths that were spoken. I think that would be fair and part of decorum, because we are going to disagree all

day long on certain topics as the two parties and sometimes we do agree and then many times we don't.

And so, perhaps just rephrasing the question would satisfy everyone. And Ms. Luna, you are recognized for your full five minutes.

Ms. LUNA. Mr. Epstein, would you please correct some of the mistruths spoken about you? I would like to hear your perspective on what is factually accurate.

Mr. EPSTEIN. Sure. So, there are two things that Representative Stansbury brought up. So, one I think I addressed very clearly, this idea of any kind of racism, and she attributed—this as almost an exact quote—me talking about the racial superiority of Western culture and I clarified probably five times that Western culture has nothing to do with race and it is about ideas, particularly individuals and freedom and reason.

So, it didn't seem very honest to me to portray me as saying racial superiority. It seemed like another attempt to discredit me, and I think there is an inability to actually refute any of my arguments.

And I think the same thing is true with the attack that I am somehow representing and paid for by the fossil fuel industry. First of all, if I were, which I am not, we need representatives of the fossil fuel industry here because they have expertise on this issue, which is about oil. So, that is one thing.

But it is just factually false. So, I came to all of my ideas independently and I said, I—once I came to the conclusion that fossil fuels are good, of course, I proudly tried to advise fossil fuel companies, including coal companies, how to tell their story better.

But to use my expertise and my convictions and to claim that I am dishonest and should not be listened to, and I made a compelling case, I didn't think that was appropriate.

Ms. LUNA. Mr. Epstein, I just wanted to ask you real quick, is China somehow protected by an invisible shield that prevents their carbon emissions from escaping?

Mr. EPSTEIN. No.

Ms. LUNA. OK. So, if we have the ability to produce clean energy here or at lower carbon emissions versus China, don't you think that that would be better for the climate?

Mr. EPSTEIN. Yes, but I think the main thing is the world needs far more energy and if you care about emissions you need to find truly cost competitive ways to do that and the best way to do that is through freedom, through liberating nuclear, through liberating natural gas.

And, unfortunately, this Administration is focused on limiting the freedom of certain industries, namely, fossil fuels, including natural gas, and then imposing extremely expensive things that the market won't choose on its own, which is the whole IRA, which is just a total subsidy fest that does nothing to make alternatives truly cost competitive.

Ms. LUNA. No, I agree with you. I think from a perspective on also national security to say that somehow the United States is going to go to completely electrical grid would actually pose a massive threat to us—

Mr. EPSTEIN. Yes.

Ms. LUNA [continuing]. Because if you have a hacker they could shut down an entire first world country and, obviously, that is something that we don't want.

My final question for you is—first of all, thank you for coming to testify before Congress.

Mr. EPSTEIN. My pleasure.

Ms. LUNA. I appreciate you being here. But with everything that we just heard, I mean, what is the best way that we as a country can really prevent China from essentially owning us? Because as you had stated earlier, the Paris Climate Accord—I mean, us even engaging in that is hindering us while they are polluting and destroying our planet.

And I hear a lot about climate change but, you know, few people of action that are willing to actually address that.

Mr. EPSTEIN. Can I just comment on the grid, which you also mentioned?

Ms. LUNA. Yes, of course.

Mr. EPSTEIN. Because you mentioned the security threat of the grid and it is vulnerable to these kinds of attacks. I think the number-one thing that it is vulnerable to is we are catastrophically reducing the supply of reliable electricity and then catastrophically increasing the demand for reliable electricity.

And so, California, where I live, is a perfect example. We have attacked fossil fuels, we have attacked nuclear, so we have less reliable electricity, and then we are trying to mandate electric everything.

And this is why, as I mentioned, Newsom had this announcement, no more internal combustion engine vehicles, and then five days later he had to say, don't charge your EV, and we have signs all over the place saying don't use your electricity. We only have three percent penetration of EVs.

So, we are talking about this catastrophic, unthinking increase of EVs, and we are actually threatened—I have this documented—we are threatened to go to lose 20 percent of our reliable electricity in the next seven years under the Biden EPA.

So, that is a catastrophic threat. I can also answer about China, if you would like.

Ms. LUNA. Yes, please.

Mr. EPSTEIN. So, I mean, with China is China actually cares about energy and they are doing what is good for their people and also the power lust of the government in terms of energy.

So they, for example, use five times as much industrial electricity as we do, overwhelmingly coal, and the only way for us to be secure and out compete them is to have a very aggressive energy freedom policy and that includes—one, is liberating domestic development from things like NEPA, which, unfortunately, this Administration has done nothing to do and, in fact, reversed the good Trump Administration things on NEPA.

We need to end preferences for unreliable electricity and actually have all forms of electricity compete, so we can actually have a stable grid. We need to reform the EPA, so it stops shutting down reliable power plants.

We need to what I call 'decriminalize nuclear', not just subsidize it and this kind of thing, and in general we need an emissions pol-

icy of long-term reductions, not catastrophic emergency reductions through liberating American innovation, not punishing America.

What the IRA does is it punishes America and accomplishes nothing globally because, as you said, Chinese emissions influence the global emissions picture just as much as American emissions do.

Ms. LUNA. Thank you so much. I appreciate it. Obviously, that was very factual, and I think you are very well qualified to be here. Thank you.

Mr. EPSTEIN. Thanks.

Mr. FALLON. The Chair recognizes Mr. Edwards for his five minutes.

Mr. EDWARDS. Thank you, Mr. Chair.

Mr. Epstein, first of all, I want you to know that on the recommendation of a previous energy secretary I have read your book—

Mr. EPSTEIN. Oh, wow. Thanks.

Mr. EDWARDS [continuing]. And it is a pleasure to see the author of such a piece of work here with us today.

Mr. EPSTEIN. Thank you.

Mr. EDWARDS. So, thank you.

President Biden, in his recent State of the Union address, called out corporations for being profitable—energy corporations for being profitable and he called for additional taxes on oil and gas companies.

Are higher taxes on corporations a path forward, in your opinion, for American energy producers to increase production?

Mr. EPSTEIN. So, this is an example of the tragedy I mentioned toward the end of my testimony, which is that this Administration has, unfortunately, learned nothing and apologized for nothing, because the root cause is—of the problems is global anti-fossil fuel policies and that is what artificially suppressed the supply and drove prices up.

And so, what is the Administration's response besides dangerously depleting the SPR? It is to threaten even more punishment. So, what more taxes says is if you manage to succeed through the gauntlet of factors that we are using to restrict you we are going to make you pay even more.

Does anyone think that is attractive to oil investors? What we need is a free market that oil investors have confidence in. So, this is 180 degrees wrong policy.

Mr. EDWARDS. Thank you for that. And my follow-up question, which you might have answered but I ask you to elaborate if you can, is how are those Biden Administration policies and actions toward oil and gas companies discouraging future investment?

Mr. EPSTEIN. I mean, we could spend all day on this. But the high level is that—the high level is what they call the whole of government approach to climate change. But climate change just means—in practice it means attacking fossil fuels.

So, there is a whole of government approach to attacking fossil fuels—and I think there should be a hearing on this because this is just the root of all the destruction—is that every agency, you can go to every agency, subagency, they are trying to figure out a way to attack fossil fuels.

So, look at the SEC. The SEC has climate disclosure rules. That is just basically designed to intimidate companies into agreeing to get off fossil fuels as quickly as possible. You have pressure on investment institutions through different ESG policies, and you have the signal sent by opposing the Keystone pipeline by the leasing ban.

And so, what this says to investors and companies is if you pursue this space of oil and gas, in particular, you have a high likelihood of being punished.

Investors are investing because they want to make a profit, and if you are increasing the risk you are going to decrease investment. So, that is why we need an apology, and we need a reversal of the whole of government approach.

And this Administration or future administrations need to give long-term security to all forms of energy.

Mr. EDWARDS. Thank you.

And still Mr. Epstein—is there a physical reason that the oil industry can't meet rising demand?

Mr. EPSTEIN. Thank you for asking that. I wish I had thought to bring that up. No. So, why are prices going up? Is it—do we have a physical limitation?

No, we have endless oil in the world for the foreseeable future. Do we have a know how limitation? Did the industry forget how to produce things cost effectively? No.

It is obviously a political limitation and the obvious—it is bigger than an elephant in the room, it must be, like, a dinosaur in the room—is that we have a global anti-fossil fuel movement that has been for years suppressing investment, production, refining, and transportation.

This is obvious. This is what every country in the world is committing to under the Paris Climate Accords. This is what the investment institutions are committing to.

So, what happens is they have suppressed the supply of fossil fuels. That makes prices go up. That is what they wanted. But what they didn't want is for the electorate to get angry.

So, they want this consequence. They just don't want the political results, and the SPR is a way of hiding it. Basically, if you release oil from the SPR prices go down temporarily so people don't see the damage you have inflicted on the global economy and on Americans in particular.

Mr. EDWARDS. So, thank you for that.

Also, Mr. Epstein, I know this may seem like an elementary question, but I believe it is important for the American people to know the answer.

Can you explain why price increases exist when you restrict the supply of a valuable resource?

Mr. EPSTEIN. Sure. I mean, just if you are thinking about anything—I mean, if you think about the price of apples and you take half the apples away from the world, well, that is the supply, and then the demand is people still have the same proclivity toward wanting apples.

And so, what happens is there are fewer of them, so the people who are willing to pay more, those are the only people who are

going to pay—be able to pay for it. And so, the price is going to go up.

So, it is just—you know, there is the details but it is the basic supply/demand dynamic and it is very important. The world, particularly the Biden Administration, have committed to restricting the supply.

They promised us the demand would go away because unreliable solar and wind would replace fossil fuels, the same promise we are hearing today from others. It was a false promise. Demand went up, so supply went down. Demand went up, prices go up.

Mr. EDWARDS. Thank you. Thank you for being with us. Thank all of our visitors for coming and sharing with us this afternoon.

Mr. Chairman, I yield.

Mr. FALLON. Thank you.

In closing, I want to thank our panelists once again for their important insights and testimony today. The most valuable resource any of us have are time. So, we thank you for your time.

And I would like to yield to Ranking Member Stansbury for her closing remarks.

Ms. STANSBURY. All right. Well, thank you, Mr. Chairman. It has been an interesting adventure today, I will say that.

So, welcome to the subcommittee. I am sure we are going to have lots of vigorous debate this Congress on these issues.

I do feel bad that we didn't get to ask Dr. Bouchouev more questions. I could see him shaking his head in disagreement with many of the comments that Mr. Epstein said, and it is unfortunate because he is a—while a former Koch Brothers employee, he is an energy economy expert and there is a lot of misinformation that was shared in the name of—as testimony today.

So, I apologize that we didn't have the opportunity to actually hear the facts about global energy markets. And I do thank Mr. Drummer for joining us today to talk about and share your perspective on these issues.

Mr. Chairman, obviously, there is nothing more important than addressing our global energy security and the climate crisis. It is something that the Biden Administration and Democrats understand very well.

It is part of why the Biden Administration has aggressively pursued energy policies that are both lowering prices, protecting American access to energy of all kinds, and took emergency action to take down the SPRO.

There is discussion about what that impact has about overall energy market stability. We understand that. But it was an emergency measure that was taken at the time in order to address gas prices at the pump at a time when we were experiencing record inflation and food shortages here in the United States.

It was an energy crisis, just as the SPRO was designed to do, which was to address issues when OPEC, other cartels, and global energy prices impacted the American consumer.

So, we are grateful for the Biden Administration's proactive effort, the impact that it had for communities. But most importantly, I want to really emphasize the incredible action that we have taken here in Congress this last year to pass the Inflation Reduction Act to do as we heard today, to address climate change across all as-

pects of our economy, to invest in our communities, and to ensure that this energy transition that we are going through is not only good for business, good for America, good for our energy security that ultimately is just and equitable for our communities as we are trying to navigate through this global crisis.

So, with that, Mr. Chairman, I very much appreciate it and look forward to working with you.

Mr. FALLON. Thank you. I am going to yield back your two minutes.

No, thank you all again for coming.

Just a couple of things to point out. The United States is not a planet. We live on a planet. We are part of it. But we have issues with China and the coal plants that they are opening. They are increasing their emissions.

I am very proud of the fact that our country has reduced our emissions dramatically over the last 20 years and we have India as well has a growing economy that has also contributed, and I think it is fascinating to know that it is projected that coal—global coal use will never be higher than this year, which is really not, I don't think, good news for anyone. But it is interesting to know.

We haven't talked a lot about and we should have future hearings about nuclear energy. I want to focus on solutions, not just rhetoric, but the carbon that is already in the atmosphere. Trillion Tree project, things like that, that will filter it. Carbon capture—there is ideas with putting it in concrete and limestone caves and things like that that are solutions that we should all get behind, particularly, again, with nuclear. I think a lot of folks that were on the political left have seen the light with nuclear energy of late. Not all, but many.

Also, the electric grid. Can it handle the capacity of hundreds of millions of cars? It was never designed for that, and so that is an issue that we are going to have to discuss, moving forward.

And now—and I recall, like, these almost Thomas Malthus type—Thomas Malthus exaggerations that some folks have said in the public sphere and Members of this chamber as well.

One said that—not in this hearing but another one that I attended, that by 2026 there is going to be large swaths of the United States that will be uninhabitable, and I believe it was by 2034 we are going to major famines in the United States.

And former President—Vice President Gore said that global sea levels are going to rise by 20 feet and the—you know, there was going to be millions of people displaced. And even the U.N.'s own IPCC said that it could—global sea levels may rise as little as four inches in the next hundred years. So, interesting to know former presidents have purchased properties at zero sea level on the coast. So, the coastlines aren't being threatened right now at all.

So, it is going to be interesting over the next eight to 10 years to see the realities of what happens. Are all or some tractor trailers going to be electric? I don't know. But we are going to find out.

I don't know if I will be here in 10 years or not. But so, take note of what is being said. Take note of what was said in 2000. Take note what was said today, and we will see where we are, moving forward. I think that is very important.

But we, again, need to recognize the realities, and this Administration did not lower prices. We have empirical data. Everybody can agree the price of gasoline was \$2.39 when Mr. Biden took office. Today it is \$3.41. It is 38 percent higher, despite the fact that we have drained the SPR to historic levels.

Seventeen million in 1991, 21 million in 2005, 31 million in 2011, and then 227 million over the last year and change. That is remarkably different.

So let us just, again, talk about and focus more on empirical, undeniable facts. That is why we had this hearing and that is why we can conclude beyond a shadow of a doubt that there was no national emergency.

The price of gasoline was already up prior to Putin's invasion. It wasn't his fault. It was bad policy. If you want to reduce the costs of energy, then make more of it.

Yes, it is a global market. We are a major player in that global market that can affect the price. It is a supply and demand issue, at the end of the day.

So, I want to thank everybody for coming. I appreciate our first hearing and I look forward to many more.

And in closing, with that, and without objection, all Members will have five legislative days within which to submit materials and to submit additional written questions for the witnesses, which will be forwarded to the witnesses for their response.

If there is no further business, without objection, the subcommittee stands adjourned. Thank you.

[Whereupon, at 4:09 p.m., the subcommittee was adjourned.]

