

Statement of Chairman Fred Upton
Subcommittee on Energy and Power Hearing on “Quadrennial Energy
Review and Related Discussion Drafts, Including Title III – Energy
Diplomacy”
June 2, 2015

We are delighted to welcome back Secretary Moniz to the committee to discuss the first installment of the Quadrennial Energy Review that focused on energy transport and infrastructure. America’s energy picture is rapidly changing, and our laws and regulations need to change with it.

Longstanding concerns about declining domestic energy output have been erased by rapidly rising oil and natural gas production. In 2013 alone, according to the QER, the U.S. added 1.23 million barrels per day of production, a record increase by one country in one year. Domestic production of natural gas and related liquids has experienced equally dramatic increases. In 2014, the U.S. became the world’s number one energy-producing nation - and it’s time we start acting like it.

Unfortunately, the scarcity mindset is still embedded in our national energy policy. Rising energy production requires more energy infrastructure - what I have called the Architecture of Abundance. Both the energy legislation and the QER include a number of ideas for upgrading and expanding the nation’s energy infrastructure. And in light of the recent pipeline spill in California, I would add that both aim to ensure that this new infrastructure is built with state-of-the-art technologies that reduce the environmental and safety risks. But our energy abundance can be more than just an economic success story; it can be a foreign policy success story as well. That is why the recently released discussion draft of our energy diplomacy title is so important.

The discussion draft builds on the extensive work done by this subcommittee on LNG exports. At numerous hearings over the last two years, we heard from many of our allies around the globe who said they would much rather get their natural gas from us than the likes of Russia or Iran. That message was underscored last month when I led a high-level delegation to several of our European allies, including Ukraine, and we came away with a profound new understanding of just how vital these partnerships can be. In established parts of the EU, leaders are coming together to promote a unified energy market because of its potential for security, affordability, and innovation. In Ukraine, where the commitment to freedom and democracy is hard-fought each and every day, their energy aspirations are fundamental to their dreams for a peaceful future.

While our discussion draft encourages North American energy cooperation and cross-border infrastructure, opportunities for energy diplomacy extend well beyond our own continent. For example, there is broad recognition that U.S. LNG exports will benefit the U.S. economy, our consumers, and our allies. While the same could be said for oil exports, a statutory ban has prevented us from pursuing these benefits for the last four decades. It's time that Congress considers revising the ban on crude oil exports.

As with natural gas, America now has enough oil production to make increased exports feasible, especially the lighter grades of crude that the QER notes have experienced the most rapid supply increases.

Economic and foreign policy experts across the political spectrum believe that expanding the markets for American oil would be a net jobs creator at home while enhancing our geopolitical influence abroad. At the same time, reports from the

GAO, CBO, and Energy Information Administration all point to reductions in the price of gasoline as a result of increased oil exports. In other words, oil exports can be a win for the American people and a win for our allies.

The energy sector has been the nation's most significant jobs creator in recent years, but with the drop in oil prices as many as 100,000 energy industry positions have been lost. The case for creating more jobs by expanding the market for American oil is a key reason why oil exports should be on this Committee's agenda this year. And while we are not currently considering any such provisions in this pending legislation, I look forward to working with Mr. Barton and my colleagues on both sides of the aisle to ensure that we get the policy right. Thank you.