

Opening Statement of Republican Leader Fred Upton
Subcommittee on Energy
“Reviving our Economy: COVID-19’s Impact on the Energy Sector”
June 16, 2020

As Prepared for Delivery

Thank you, Mr. Chairman. It’s good to be back to work in D.C. with my colleagues. Several of our Republican members are here with me in our hearing room, and we look forward to the day when you can join us.

The last three months have been a real challenge for all Americans as the COVID pandemic has taken its toll. Tragically, we have had over 2 million cases and over 113,000 lives lost in the United States. With nationwide lockdowns in place, Americans have been stuck at home while businesses, construction projects, and manufacturing plants have been shuttered. As a result, massive disruptions have rippled throughout every sector of our economy. 20 million jobs evaporated in the blink of an eye. Demand for many goods and services plummeted just as quickly, and markets reeled from the shock.

The energy sector has certainly not been spared. With fewer vehicles on the roads and planes in the air, consumption of petroleum fuels declined dramatically, punishing our domestic energy producers. These same American companies were hit with a double whammy as Russia and Saudi Arabia battled each other in a price war over the necessary production cuts. Unbelievably, oil prices actually went negative for a short period. The steep decline in domestic energy production has had real, negative consequences — not just for our economy, which relies on the jobs and investment — but for our national security.

Thanks to leadership from the United States, we were able to push OPEC and Russia to agree to a historic production cut and the worst seems to be behind us as our economy starts to reopen. Unfortunately, significant damage has been done to our domestic industry — especially the small and medium sized companies that support many of our local and state economies. Not only will this threaten our position as the world’s leading oil and gas producer, it could also make us more dependent on dirtier foreign oil and rollback the progress we have made toward energy independence.

The pandemic exposed the security and strategic risks from ceding leadership on oil and gas, and also reminded us of the important role American nuclear technology serves both here at home and abroad. We’re fortunate this essential industry managed fairly well through this crisis, but there have been costs, and we should look at the role of nuclear as we seek to accelerate our economic rebound.

Another unfortunate casualty of the pandemic may be investment demand for innovative new technologies to reduce emissions, such as carbon capture and its infrastructure.

The electric sector has also suffered significant upheaval over the past few months, with a big drop in demand from commercial and industrial users combined with record numbers of customers who are unable to pay their utility bills.

Despite these challenges —in all 50 States— regulators and utilities have suspended disconnections for non-payment. And while the CARES Act included a big increase in LIHEAP, expanded unemployment payments, and programs to help

individuals and businesses pay their bills, most states and utilities have programs that go even further to protect their most vulnerable customers. All of this has placed a significant burden on our local electric utilities.

Undoubtedly, the strain on our utilities will have long-lasting impacts on business plans and investments, which again could set us back toward meeting our goals of cleaner and more efficient options for consumers.

As we begin to reopen our economy, we need to stay laser focused on ways to maximize growth and economic expansion. We need to get Americans back to work and our economy back to its historic levels of prosperity. The next few months will be critical to stimulate our economy and dig out of this hole. In particular, let's focus on projects that can create jobs immediately and restore U.S. energy sector leadership here and abroad. We should be leveraging the money the government is spending with the private sector — looking for the best return on investment for taxpayers.

If there are are regulatory obstacles that should be removed, we need to hear about them. If we need to build on the CARES Act programs or make any changes, we need to hear about that too. As we look toward the future, I also want to focus on making our energy sector more resilient to shocks, so we can respond to all hazards and future disruptions, whether caused by a pandemic, wildfire, severe weather, cybersecurity threats. or a national security emergency.

With that, I look forward to hearing from our witnesses. It's good to see Secretary Moniz back in the chair, along with Mr. Powell. We appreciate your contributions to the discussion.

Thank you, I yield back.