

Testimony of Brigham A. McCown

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Before the U.S. House Committee on Energy and Commerce,  
Subcommittee on Energy, Climate, and Grid Security.

Hearing on  
“Politics Over People: How Biden’s LNG Export Ban Threatens  
America’s Energy and Economic Security.”

Tuesday, February 6, 2024, 10:00 a.m.  
2123 Rayburn House Office Building

## Summary Page

- America is experiencing significant geopolitical risks emanating across multiple theaters of operation.
- Democratic values are under attack by illiberal forces and totalitarian governments, including those with significant control and influence over energy resources.
- Energy policymakers should reflect upon previous missteps and events, such as the 1973 Arab Oil Embargo and the ongoing European Energy Crisis.
- America's robust energy sector is crucial for maintaining national security, energy security, and economic stability.
- United States energy security principles also apply to allies and friendly States.
- Climate security is important but cannot take precedence over energy security.
- Priority and resources should be directed towards emitting countries such as China and India.
- Limiting worldwide access to LNG will not alter increasing worldwide energy demand and would likely increase, not decrease global emissions.
- The LNG permit pause is, intentionally or otherwise, a *de facto* ban on selling raw materials owned by private companies, representing significant government intervention in the free market economy.
- LNG Permits have not previously been denied.
- This decision undermines American credibility, opens the door to malign actors, and has caused security concerns among friends and allies.
- The administration's actions appear incongruent with a stable and predictable regulatory environment.
- The action should be reversed while the administration's review is underway.
- Energy policy represents an opportunity for bipartisan agreement to ensure our security and that of our allies while addressing climate change through a responsible pathway to net zero.

## **Introduction**

Chairman Duncan, Vice-Chairman Curtis, Ranking Member DeGette, and Members of the subcommittee, thank you for the opportunity to appear before you and testify this morning. I am Brigham McCown, a Senior Fellow at Hudson Institute, and Director of the Initiative on American Energy Security. I also serve as a Professor at Miami University in Oxford, Ohio, amongst other duties. I have spent nearly three decades on active and active reserve duty as a naval officer and Naval Aviator and have held multiple senior appointments in the executive branch, working for cabinet members of both parties. My educational background includes degrees and studies in law (Chase-KY), business (W&M-VA), energy (Stanford-CA), and diplomacy and foreign affairs (Miami-OH). The views I express here today are mine alone and do not represent the position of the Hudson Institute, Miami University, or any other entity.

## **National Security Implications**

We live in a world experiencing significant geopolitical risk emanating across multiple theaters of operation. We are experiencing substantial headwinds to democratic values by illiberal forces and totalitarian governments, including those with significant control and influence over energy resources.

America, along with our allies and friends, are under direct and indirect attack in Europe, the Middle East, and Asia. We should make no mistake, these Actors are directly challenging the current world order, the rule of law, and the stability and values made possible by the strength of America and her allies. Their goal is clear, and they must not be allowed to prevail.

America has long produced the tools and equipment that makes freedom around the world possible. The Arsenal of Democracy, the U.S. was instrumental in bringing peace through World Wars. Those war efforts were made possible by our innovation, powerful industrial and agricultural base, and energy resources,<sup>1</sup> which supplied our allies with 85% of the oil and gas used during World War II.<sup>2</sup> Additionally, by 1944, American aviation fuel production met 90 percent of total Allied needs.<sup>3</sup>

International events have brought into acute focus the intrinsic relationship between energy, economics, and national security. It has also highlighted the degree to which an American strategic asset—abundant energy resources—has been undermined by dramatic shifts in U.S. policy and, too often, the failure to consider those policies' full and long-term implications in a wholistic and comprehensive manner.

Even with remarkable improvements in technology and energy efficiency, economic growth and prosperity requires energy. National Security, particularly the United States' ability to project power globally to protect American and allied interests, requires secure access to multiple energy sources and raw materials for our energy mix. Market access to the quantities and types of energy, when and where needed, along with the security

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<sup>1</sup> America provided 85% of the allies' total oil. US output rose from 3.7Mbpd to 4.7Mbpd. 7bn bbls were consumed by the US and its allies from 1941-45, of which 6bn bbls was produced in the US.

<sup>2</sup> Herman, A. (2024, September 29). *From fueling victory to running on empty: Lessons from American Energy Policy in war and peace*. From Fueling Victory to Running on Empty: Lessons from American Energy Policy in War and Peace. <https://www.hudson.org/energy/fueling-victory-running-empty-lessons-american-energy-policy-war-peace-arthur-herman>

<sup>3</sup> *Fueling Victory* quoting *The Prize*, 383. Yergin, D. (1993). *The prize: The epic quest for oil, money, and power*. Simon & Schuster.

and resiliency of energy systems, requires thoughtful and sustained long-term capital investments in production, distribution infrastructure, storage, and research and development—all of which require a predictable and stable policy environment.

## **Energy Security**

Last year was the 50<sup>th</sup> anniversary of the Arab Oil Embargo, reminding us of the short-lived past energy policies that gave away energy independence and the resulting dependencies on Middle Eastern oil that developed and remained for decades.<sup>4</sup>

We were also reminded of shortsighted energy policies as Europe struggled following the removal of Russian oil and gas from the market.<sup>5</sup> That damage is not over,<sup>6</sup> and the collapse of certain industrial sectors of European economies is ongoing as their energy prices remain elevated, as the following EU graph depicts.<sup>7</sup>

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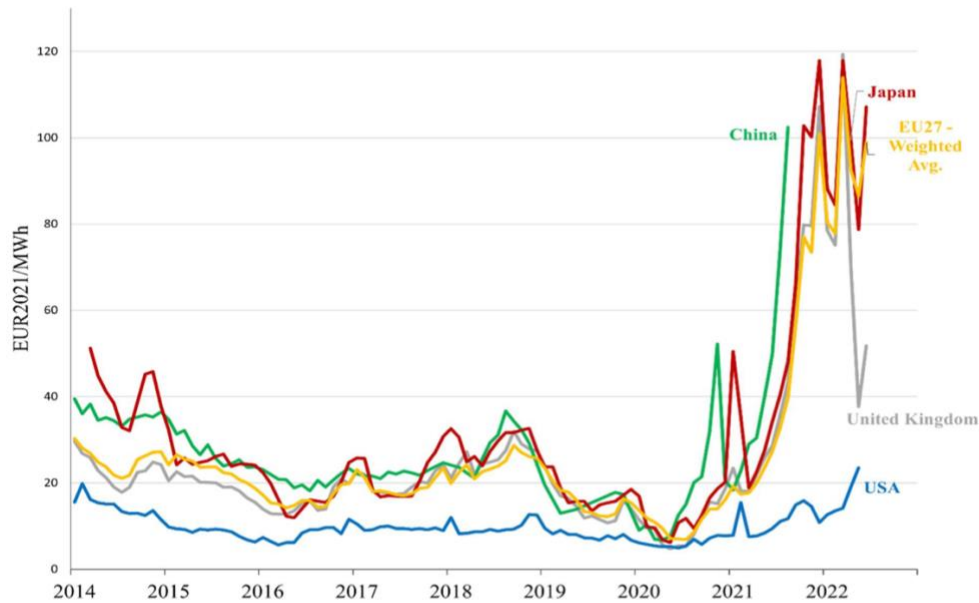
<sup>4</sup> *The Arab Oil Embargo 50 Years Later: Lessons Learned and Missed Opportunities*. Hudson Institute <https://www.hudson.org/events/arab-oil-embargo-50-years-later-lessons-learned-missed-opportunities>

<sup>5</sup> The Economist Newspaper. (2023, May 10). *Expensive energy may have killed more Europeans than covid-19 last winter*. <https://www.economist.com/graphic-detail/2023/05/10/expensive-energy-may-have-killed-more-europeans-than-covid-19-last-winter>

<sup>6</sup> Hannon, P., & Hayashi, Y. (2024, January 30). Europe's stagnating economy falls further behind the U.S. WSJ. <https://www.wsj.com/economy/global/europes-stagnating-economy-falls-further-behind-the-u-s-1cc58ba1>

<sup>7</sup> *Energy - consilium.europa.eu*. EU Commission - Director General for Economic and Financial Affairs. (2024, January 12). [https://www.consilium.europa.eu/media/69388/eg\\_energy-prices-and-competitiveness-note\\_final-to-eg-for-publication.pdf](https://www.consilium.europa.eu/media/69388/eg_energy-prices-and-competitiveness-note_final-to-eg-for-publication.pdf)

**Graph 10: Average day-ahead wholesale gas prices for EU and major trading partners, EUR2021/MWh**



Source: Draft 2023 Report on Energy Prices and Costs in Europe, based on a study prepared by Trinomics et al., using data from S&P Platts, ENTSO-E, JEPX, EIA, CEIC

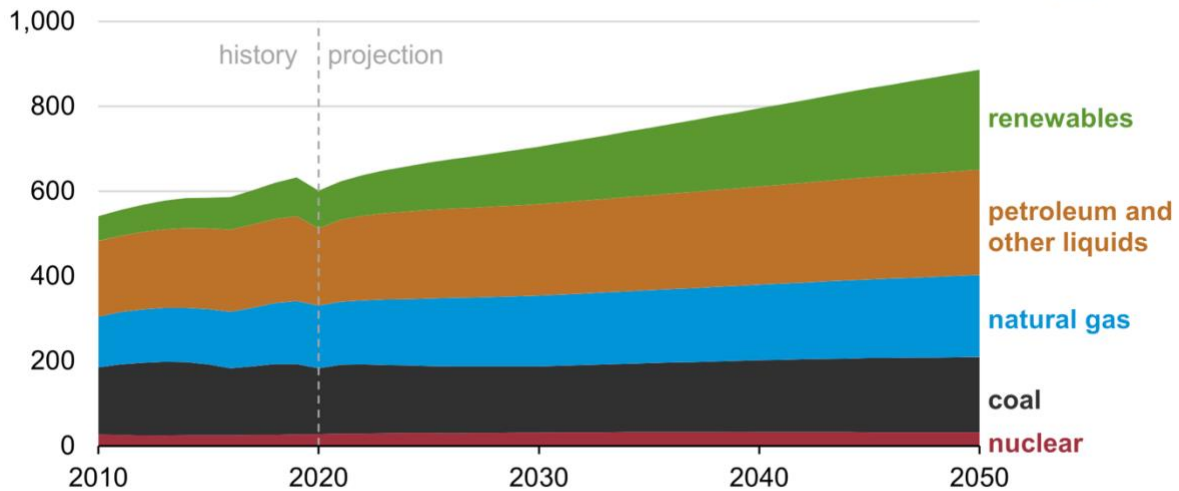
A second message is also clear; even when considering progressive policies in Western Europe, the developed world – let alone emerging markets in the developing world, will run on hydrocarbons for some time. According to world forecasts, US<sup>8</sup> and world energy mixes<sup>9</sup> will be predominately by hydrocarbon fuels through mid-century, according to U.S. Department of Energy projections.

<sup>8</sup> Center for Sustainable Systems, University of Michigan. 2023. "U.S. Energy System Factsheet." Pub. No. CSS03-11. See also, U.S. EIA (2023) Annual Energy Outlook 2023; Intergovernmental Panel on Climate Change (IPCC) (2023) Synthesis Report of the IPCC Sixth Assessment Report (AR6) Summary for Policy Makers.

<sup>9</sup> EIA. EIA projects nearly 50% increase in world energy use by 2050, led by growth in renewables. (2021, October 10). <https://www.eia.gov/todayinenergy/detail.php?id=49876>

### Global primary energy consumption by energy source (2010–2050)

quadrillion British thermal units



Source: U.S. Energy Information Administration, *International Energy Outlook 2021* Reference case

Note: Petroleum and other liquids includes biofuels.

Russia’s invasion of Ukraine has once again brought into acute focus the intrinsic relationship between energy security, economic security, and national security. It has also highlighted the degree to which a strategic American asset—abundant energy resources—has been undermined by dramatic shifts in U.S. policy and, too often, the failure to consider those policies' full and long-term implications in a wholistic policy environment.

Simply put, “Energy Security” is the ability to ensure the uninterrupted availability of reliable and affordable energy sources for consumption. It encompasses the stable supply of energy resources, the resilience of energy infrastructure, and the ability of a country to meet its current and future energy demands while also dealing with emergencies, natural disasters, and geopolitical tensions that could disrupt supplies.

We have reaped the benefits of a robust domestic energy industry. Thus, we have

inoculated ourselves to a great extent against geopolitical risks. The lessons of the '73 Oil Embargo and Europe should not be allowed to recede into the background. Energy security highlights the need for a comprehensive approach to a stable policy environment coupled with innovation, technology, and international cooperation among allies.

### **American Credibility**

Against this backdrop, America is the preferred energy supplier to world markets because we supply cleaner, more competitive, and more reliable energy than other countries. It is not an understatement to suggest that our friends and allies are concerned about this announcement. A lack of exports undermines our allies' energy security as 64% of U.S. LNG exports in 2022 went to Europe,<sup>10</sup> which is especially important since the European Commission notes that in 2023, only 10% of Europe's natural gas needs were met by domestic production.<sup>11</sup>

Usually quiet, even our stoic allies have expressed significant concerns. We know this from discussions and correspondence received from Japan and Europe as well as the U.S. Chamber expressing significant concerns with what appears to be a unilateral policy move by the administration.<sup>12</sup>

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<sup>10</sup> "Europe Was the Main Destination for U.S. LNG Exports in 2022 - U.S. Energy Information Administration (EIA)." *Europe Was the Main Destination for U.S. LNG Exports in 2022 - U.S. Energy Information Administration (EIA)*, EIA, 22 Mar. 2023, [www.eia.gov/todayinenergy/detail.php?id=55920](https://www.eia.gov/todayinenergy/detail.php?id=55920)

<sup>11</sup> "Liquefied Natural Gas." EU Commission, [https://energy.ec.europa.eu/topics/oil-gas-and-coal/liquefied-natural-gas\\_en](https://energy.ec.europa.eu/topics/oil-gas-and-coal/liquefied-natural-gas_en)

<sup>12</sup> See, Eurogas Statement on European Union and United States Energy Partnership. Asia Natural



## **Policy Stability**

Energy policies do not exist in isolation. Even with impressive improvements in technology and energy efficiency, economic growth, and prosperity here at home, select key allies and important developing countries will still face a growing need for dependable and affordable energy.

National security, particularly the U.S. military's ability to project power globally to protect American and allied interests, requires safe, reliable, and resilient energy supplies. In turn, we require long-term capital investments in production, distribution infrastructure, storage, and research and development—all of which require a predictable and stable policy environment. Changing the rules mid-course is not only imprudent, but it imperils a successful energy transition. This transition cannot occur overnight. Forcing change through this announced “pause” is a *de facto* ban counterproductive to that effort.

While renewables are crucial for long-term decarbonization, we must not dismiss their current limitations, such as intermittency and storage. Natural gas is, therefore, a necessary transition fuel, especially when compared to coal, the most carbon-intensive fossil fuel used worldwide.

## **Impact on Energy Usage and Emissions**

Even the European Union recognizes that natural gas is an essential and critical

component of our global journey of decarbonization. We need only look to our reductions in emissions as proof that transitioning from coal to natural gas represents a significant step along this journey.<sup>13</sup> The Environmental Protection Agency notes that from 2005 to 2020, net emissions declined 21 percent “due to an increasing shift to use of less CO<sub>2</sub>-intensive natural gas for generating electricity...” coupled with the deployment of renewables.<sup>14</sup>

This is especially significant given the pace at which China and India increase emissions. We should also be cognizant that China produces more emissions than the United States and Europe combined. While China is adding large sums of renewables to its energy mix, it is also dramatically increasing its coal consumption. Emission reductions by reducing coal in the United States, Europe, and Australia have resulted in a net increase of over 206 GW elsewhere, as shown in the chart below.<sup>15</sup>

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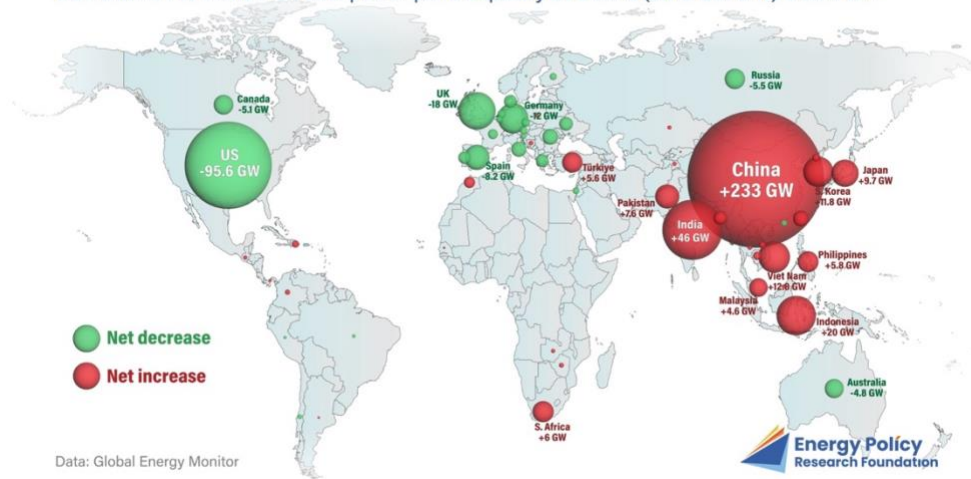
<sup>13</sup> EIA. (2022). *Inventory of U.S. greenhouse gas emissions and sinks*. Inventory of U.S. Greenhouse Gas Emissions: 1990-2020. <https://www.epa.gov/system/files/documents/2022-04/us-ghg-inventory-1990-2020-data-highlights.pdf>

<sup>14</sup> *Id.*

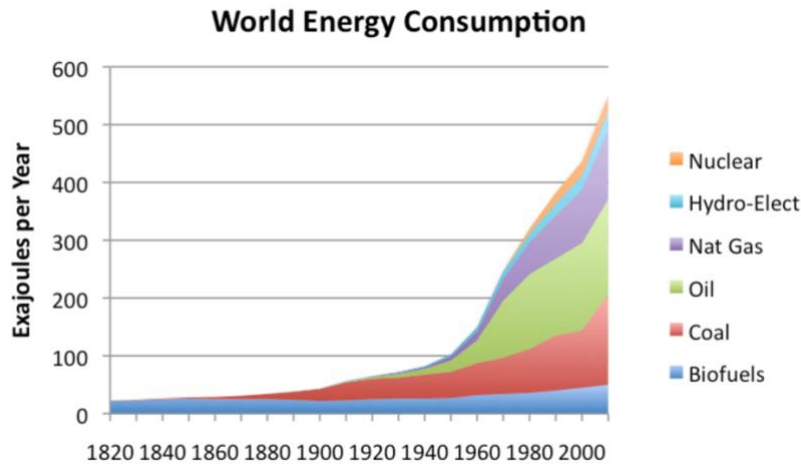
<sup>15</sup> *Net Additional Coal Generation Capacity Since the Paris Agreement*, Energy Research Policy Foundation, Oct. 2023, <https://eprinc.org/wp-content/uploads/2023/11/EPRINC-Chart2023-44-GlobalPowerPlantAdditionsSinceTheParisAccords-Version1.pdf>

## NET ADDITIONAL COAL PLANT CAPACITY SINCE 2015 PARIS AGREEMENT

Cumulative net worldwide coal power plant capacity additions (2016-2023H1): 206.3 GW



Similarly, the following chart illustrates that we have never used less energy at any point in human history.<sup>16</sup>



Limiting or removing American LNG from the world's growing energy needs is counterproductive. It is not a stretch to say that U.S. energy is produced cleaner than any other country, given the absence of safety and environmental laws among most

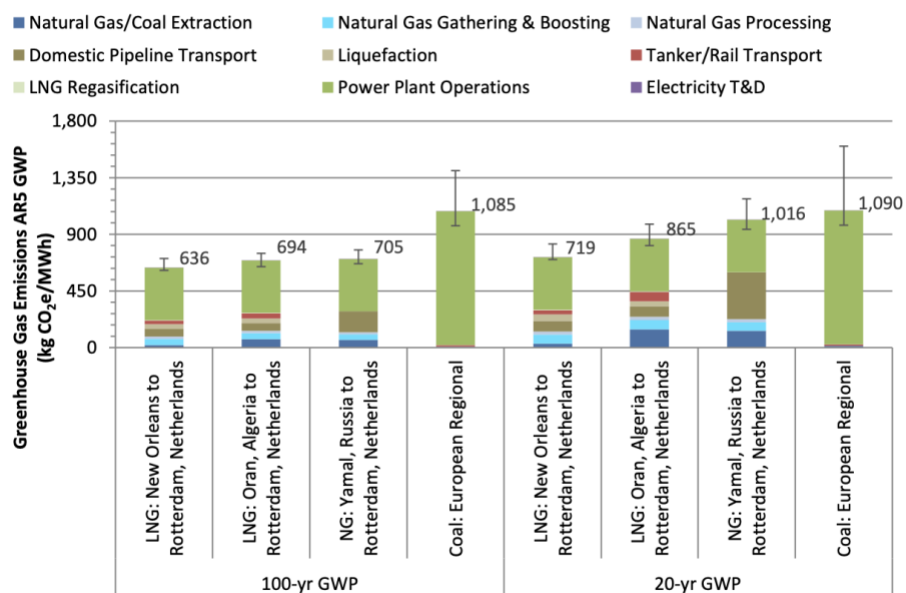
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<sup>16</sup> "World Energy Consumption since 1820 in Charts." Our Finite World, <https://ourfiniteworld.com/2012/03/12/world-energy-consumption-since-1820-in-charts/>.

other major natural gas producers.

In 2019, a Department of Energy Laboratory found that countries importing LNG produce lower emissions than domestic coal.<sup>17</sup> Specifically, this study found that throughout its entire lifecycle, U.S. LNG imported to Europe resulted in more than one-third fewer greenhouse gas emissions than local coal.<sup>18</sup> Results were similar for Asia.

*Exhibit 6-1. Life Cycle GHG Emissions for Natural Gas and Coal Power in Europe*



If American LNG were limited, one of the following scenarios would most likely occur. First, countries would seek to fulfill their needs for natural gas from countries with higher emissions. Second, new and unreliable market participants with similar records may appear. For example, the South Pars/North Dome field is the world’s largest natural gas field, which Iran and Qatar share. Third, coal, oil, wood, and other higher-

<sup>17</sup> *Life Cycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from The United States*, DOE, 12 Sept. 2019, [www.energy.gov/sites/prod/files/2019/09/f66/2019 NETL LCA-GHG Report.pdf](http://www.energy.gov/sites/prod/files/2019/09/f66/2019%20NETL%20LCA-GHG%20Report.pdf)

<sup>18</sup> *Id.*

emitting fuel sources would replace natural gas, resulting in higher emissions.

### **Recommendations**

All of us can make mistakes, and we sometimes do. That is also true of government institutions. The prudent course of action and best counsel I can give is for the administration to immediately reverse course and lift this *de facto* ban while simultaneously commending them without assigning blame. In that manner, the regulatory and policy environment of domestic and foreign policy remains stable.

Energy policy represents an opportunity for bipartisan agreement to ensure national and economic security for ourselves and our allies while addressing climate change through a responsible pathway to net zero.

Mr. Chairman, Mr. Vice Chairman, Ranking Member DeGette, and members of the subcommittee, this concludes my prepared statement. I look forward to the continued bipartisan efforts to address the critical issues I have outlined today and would be pleased to answer any questions. Thank you.