U.S. House Committee on Energy and Commerce
Subcommittee on Energy, Climate, and Grid Security
"From Gas to Groceries: Americans Pay the Price of the Biden-Harris Energy Agenda"
September 11, 2024
Documents for the Record

1. Letter to Chair Duncan and Ranking Member DeGette from Electricity Transmission Competition Coalition, September 10, 2024, submitted by the Majority.
2. Factsheet from the American Petroleum Institute entitled "Industry Economics Backgrounder" September 2024, submitted by the Majority.
3. Institute for Energy Research article entitled "Shortages Expected for Global Natural Gas Supply by Decade-End" September 10, 2024, submitted by the Majority.
4. Factsheet from Electricity Transmission Competition Coalition entitled "Why U.S. Electricity Price Inflation is Soaring" submitted by the Majority.
5. Article from CBS News – Healthwatch entitled "More Americans are having to choose between food and energy bills" August 26, 2024, submitted by Chair Rodgers.
6. One pager from the American Gas Association entitled "Natural Gas Helps Put More Affordable Food on American Tables" submitted by the Majority.
7. One pager from the American Gas Association entitled "America's Hospitality Sector Depends on Affordable, Reliable Natural Gas" submitted by the Majority.
8. Report from the Energy Policy Research Foundation entitled "Household Electricity Prices in the U.S. and Europe" August 28, 2024, submitted by the Majority.
9. Document from the Joint Economic Committee entitled "The Economic Benefits of Birth Control and Access to Family Planning" February 2020, submitted by Rep. Fletcher.
10. An excerpt from Bernard L. McNamee entitled "Department of Energy and Related Commissions" submitted by the Minority.
11. An article entitled "Trump Administration Embraces Heritage Foundation Policy Recommendations" January 23, 2018, submitted by Rep. Cardenas.
12. An article from NPR entitled "Are greedy companies to blame for grocery inflation? We looked at the data" September 9, 2024, submitted by the Majority.
13. An article from The Wall Street Journal entitled "The State of America's Wallet" September 7, 2024, submitted by the Majority.
14. An article from The Wall Street Journal entitled "The American Dream Feels Out of Reach for Most" August 28, 2024, submitted by the Majority.
15. An article entitled "SAVE Jobs Act will boost energy job market" August 2, 2020, submitted by Rep. Burgess.
16. An article entitled "The Secret Donors Behind the Center for American Progress and Other Think Tanks [Updated on 5/24], May 22, 2013, submitted by Rep. Burgess.
17. An article from the Martinsville Bulletin entitled "Electricity rate increase likely" August 2, 2024, submitted by Rep. Griffith.

September 10, 2024

The Honorable Jeff Duncan
Chairman
Subcommittee on Energy, Climate, & Grid Security
U.S. House of Representatives
Washington, DC 20515

The Honorable Diana DeGette
Ranking Member
Subcommittee on Energy, Climate, & Grid Security
U.S. House of Representatives
Washington, DC 20515

Re: Comments for the Record for Hearing on "From Gas to Groceries: Americans Pay the Price of the Biden-Harris Energy Agenda"

Dear Chairman Duncan and Ranking Member DeGette:

Consumers face electricity price inflation because of escalating transmission costs. FERC is at fault for not enforcing Order 1000, a decades old regulation that was found to be in the public interest and was supposed to usher in an era where regionally planned transmission projects would face competition to drive down costs. Instead, a decade later, less than three percent of transmission projects face competition. Without competition, monopoly electric utilities do not have an incentive to reduce the cost of building new transmission lines. Transmission projects that have been competitively bid have saved consumers as much as 40 percent.

As a result, electricity prices are at record highs. This summer we saw average electricity bills soar to new records, according to the Energy Information Administration, despite some of the lowest generation costs in a decade.

In July, electricity price inflation rose on an annual basis by 4.9 percent, well in excess of comparable rises in the average American grocery bill of 1.1 percent, as measured by the Consumer Price Index (CPI). Electricity price inflation continued to exceed the broader CPI, which increased by 2.9 percent on an annual basis. Electricity price inflation has routinely been more than the CPI and other key commodities.

Transmission spending by electric utilities is very lucrative – receiving a guaranteed 10-12 percent ROE for 40 years or more which saddles homeowners, farmers, and businesses with high electricity costs for decades. Utilities are opposing competition to protect their profits.

FERC Order 1920, the Building for the Future Through Electric Regional Transmission Planning and Cost Allocation, did not help. Instead, FERC created a “Right-Sizing” right of first refusal (ROFR) that allows the incumbent utilities to build transmission lines without facing competition.

Please see attached fact sheet on “Why U.S. Electricity Price Inflation is Soaring” for more information.

Sincerely,

Paul Cicio
Paul Cicio
Chair

Enclosures

cc: House Committee on Energy and Commerce

ETCC represents a diverse group of 95 companies and organizations from all 50 states that all advocate for increased transmission competition.

American Petroleum Institute

Industry Economics Backgrounder

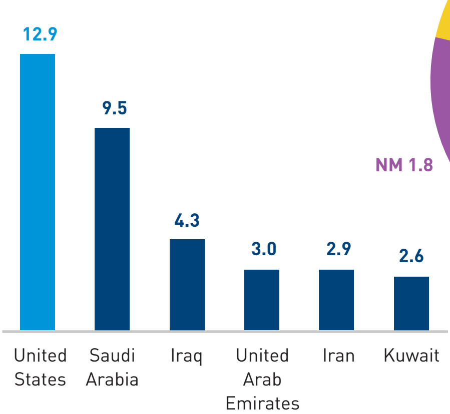
As of September 2024

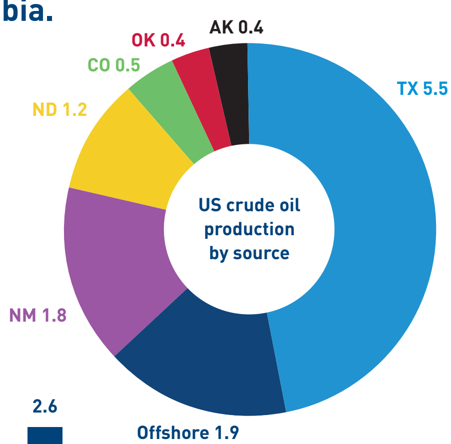
1 The United States is the largest crude oil producer in the world.

- The U.S. is by far the largest oil producer in the world – meeting rising global demand while making American less dependent on foreign imports.
- The U.S. oil and natural gas industry is uniquely competitive, with 6,400+ individual producers. U.S. oil production is also highly diversified, sourced from several producing basins spread across every U.S. region.
- As a result, U.S. dependence on foreign oil imports is at its lowest since the early 1990s.

In 2023, US produced 36% more crude oil than Saudi Arabia.

Crude oil production *(million barrels per day)*

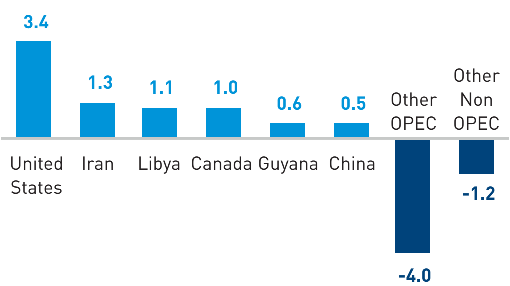




Source: Energy Information Administration

The United States was the largest source of post-covid supply

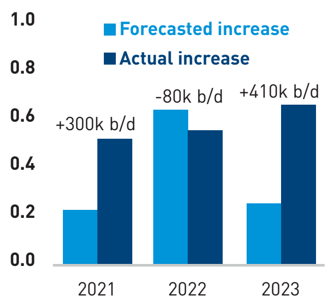
Petroleum liquids production growth since April 2020 *(million barrels per day)*



Notes: Total petroleum liquids include crude oil, natural gas plant liquids, biofuels, other liquids, and refinery processing gains.
Source: Energy Information Administration

U.S. production growth exceeded forecasts in 2 out of 3 past years

Increase in US Oil Production *(million barrels per day)*



Notes: Jan STEO vs. Dec PSM
Source: EIA Short Term Energy Outlook (STEO)

2 The United States is the largest source of new crude oil production since 2020 and regularly exceeds expectations.

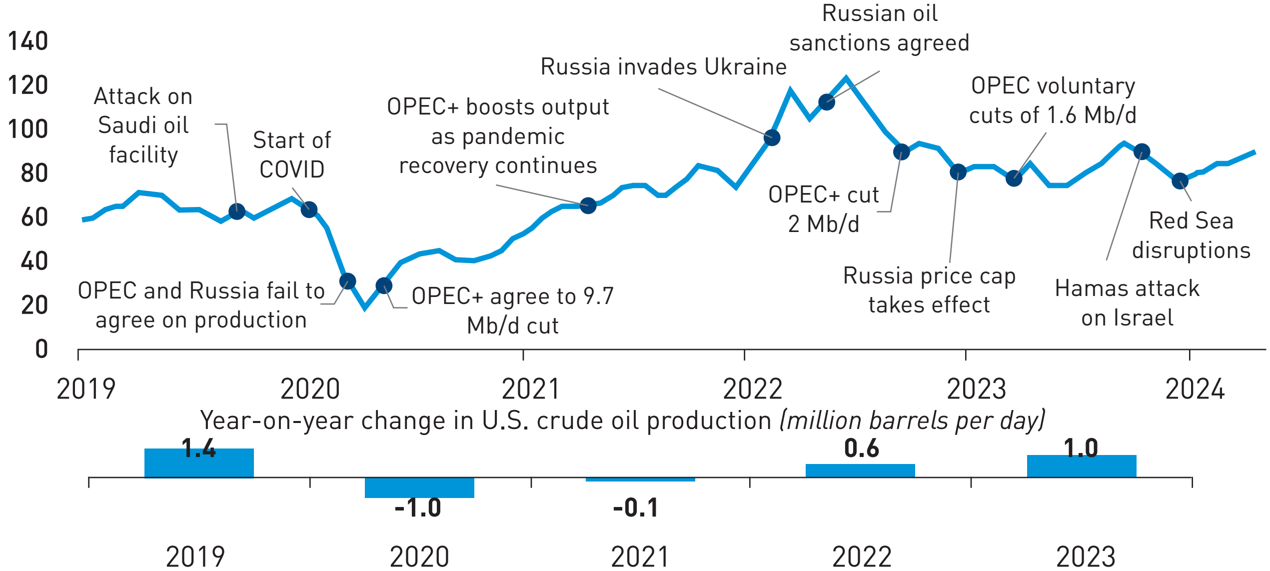
- Since Russia's invasion of Ukraine in 2022 and the ensuing energy crisis, U.S. producers have brought more new supply onto the market than the rest of the world combined.
- Since 2008, the U.S. has been by far the largest source of new oil supply, increasing by 159% since 2008 and playing an outsized role in meeting rising global demand.
- Last year, U.S. production growth was not only massive, but it greatly exceeded market expectations – and thus played a heavy role in adding stability during a period of tremendous geopolitical instability.

U.S. crude oil production has increased despite prices and help stabilize markets against disruptions.

- The world oil market is globally integrated and is one of the largest, most liquid, highly traded and transparent commodity markets in the world.
- Multiple external events—most notably the global pandemic and the Ukraine conflict—have been the largest drivers of global oil prices over the past several years.
- U.S. oil production is highly responsive to rapidly changing market conditions.

U.S. crude oil production increased despite price movements and major market events.

Monthly average spot Brent crude oil price *(Dollars per barrel)*



Source: Energy Information Administration

API policies are grounded in free market and free trade principles.

- API and its members abide by all relevant anti-trust law and guidelines and treat those obligations with the greatest level of seriousness. At the core of API's principles is a belief in free markets and free trade.
- API has long opposed unnecessary government intervention in markets, even during periods of extreme stress and unprecedented price levels.
- At the height of the global pandemic, API and its members openly opposed calls to ration U.S. oil production, even as prices went negative and the industry entered a period of enormous difficulty

To learn more visit api.org.

Shortages Expected for Global Natural Gas Supply by Decade-End

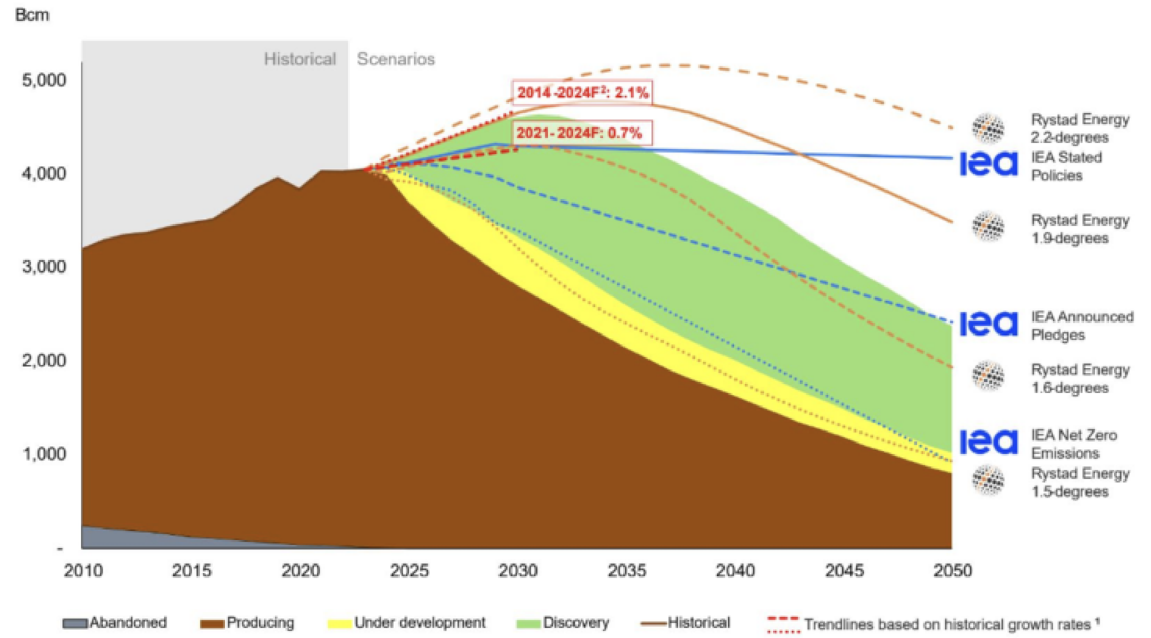
IER instituteforenergyresearch.org/fossil-fuels/gas-and-oil/shortages-expected-for-global-natural-gas-supply-by-decade-end

September 10, 2024

According to the International Gas Union's Global Gas Report 2024, a Switzerland-based industry organization, the world will face a 20% shortfall in natural gas supply by the end of the decade if significant increases in supply and infrastructure are not achieved. If global demand for natural gas continues to rise over the past four years, and production does not expand accordingly, a 22% global supply deficit is anticipated by 2030. This shortfall is attributed to the underestimation of rising global energy consumption in various net-zero carbon scenarios. It appears that recent increases in energy use, particularly from data centers and cooling, may not have been fully considered in these decarbonization models used by policymakers. Despite this outlook, the Biden-Harris administration remains committed to pausing domestic LNG infrastructure development, a stance supported by anti-fossil fuel energy groups.

Global gas demand rose by 1.5 percent last year compared to 2022, and demand is set to rise by another 2.1 percent this year due to Asia's strong demand growth. Natural gas plays a key role in addressing the "energy trilemma" — sustainability, security, and affordability. According to the report, "the 2030 energy targets of even the relatively less ambitious climate and energy consumption scenarios are unlikely to be achieved. … It is essential to cross-check scenario pathways with actual forecasts to avoid misalignment and ensure that the energy supply keeps pace with evolving demand." The "significant gap between actual consumption patterns and scenario assumptions" highlights the need for a realistic approach in planning to account for the scalability, reliability, and affordability requirements of changing consumption patterns.

Figure 4: Global gas demand-supply balance under various degree scenarios, supply split by lifecycle



Source: IGU

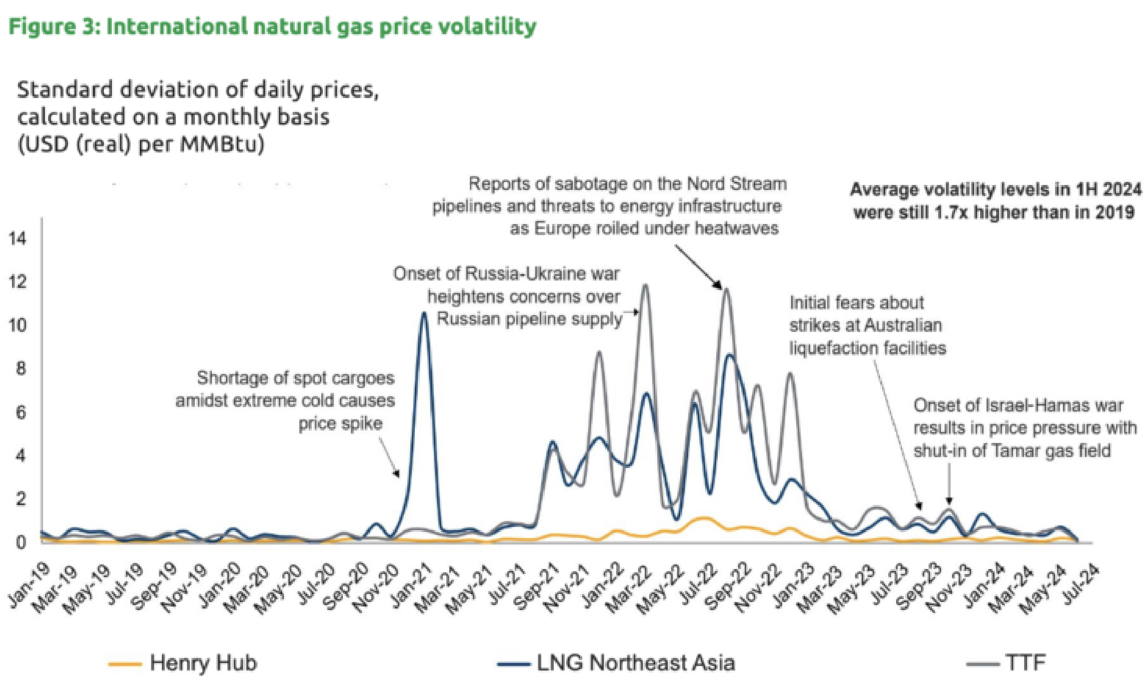
The “significant gap between actual consumption patterns and scenario assumptions” underscores the necessity for a realistic approach to planning, one that considers the scalability, reliability, and affordability of evolving consumption patterns.

Report Highlights

According to the report, energy demand continues to rise in both developed and developing regions, with coal consumption hitting a new record in 2023, making it the largest source of global energy emissions. If current trends in energy demand and supply continue, 2030 targets set by decarbonization policies are likely to be missed. Despite efforts to boost efficiency amid industrial decline and rising energy prices, Europe’s energy demand has increased. In North America, energy demand has exceeded 2019 levels, driven by the transport sector and AI data centers, despite regulatory measures and policies against fossil fuels. Asia’s demand, especially from China and India—top greenhouse gas emitters—continues to surge. In Africa, energy demand is growing rapidly due to urbanization, though it still lacks sufficient access to electricity. Energy availability and affordability are crucial for reducing poverty.

The report stresses that to curb greenhouse gas emissions and stabilize the global gas market, it is essential to invest more in natural gas supply and advance technologies like biomethane, carbon capture and storage (CCS), and low-carbon hydrogen. Natural gas can reduce emissions from coal by 50 percent and from oil by 30 percent through cost-effective switching. Biomethane, which currently represents about 1 percent of the natural gas market, is mainly produced in North America and Europe, with emerging production hubs in China and India. Although carbon capture capacity is growing, it remains insufficient for a successful energy transition due to cost issues. These technologies are crucial for decarbonizing energy supply and ensuring resilience, particularly in hard-to-abate sectors.

Global gas markets have stabilized from the extreme volatility of 2022, but remain fragile with ongoing energy security concerns. Volatility levels are still higher than pre-pandemic, due to factors like the Israel-Hamas conflict starting in October 2023, the Russia-Ukraine war beginning in February 2022, and implied price volatility being 1.7 times higher in early 2024 compared to 2019. While gas prices, especially in Europe, have decreased, they remain sensitive to tight balances, with no major new supply additions anticipated for 2024. Significant shifts in demand or supply could disrupt the current balance.



Source: IGU

Global Natural Gas Trade

In 2023, global LNG trade surged to 537 billion cubic meters (~3.5 billion BOE), underscoring LNG's crucial role amid global energy security and supply uncertainties. The United States emerged as the world's largest net LNG exporter, surpassing both Australia and Qatar with 117 billion cubic meters of exports. U.S. LNG primarily flows to Europe, whereas Australia and Qatar focus more on Asia due to long-standing agreements and geographical factors. Algeria also saw a rise in LNG exports, surpassing Indonesia, Oman, and Nigeria with 18 billion cubic meters. The Australia-to-Japan route remained the most popular for LNG trade, accounting for 39 billion cubic meters in 2023, although this was down from the previous year's 43 billion cubic meters. China overtook Japan as the world's largest LNG importer with 94 billion cubic meters in net imports, while India and Taiwan also moved up in the importer rankings, surpassing Spain.

Net pipeline trade flows fell by 6.8 percent to 475 billion cubic meters in 2023, primarily due to decreased exports from Russia. Despite this, Russia remained the second-largest pipeline exporter, with significant volumes directed to China (26 billion cubic meters), Turkey (21 billion cubic meters), and Belarus (18 billion cubic meters). Iran's exports rose by 19 percent, overtaking Qatar, while the rankings of other top 10 exporters remained unchanged.

France reduced its pipeline gas imports to 13 billion cubic meters in 2023 from 25 billion cubic meters in 2022, as it decreased its reliance on Russian gas while boosting nuclear power generation. The UK increased its pipeline imports to 18 billion cubic meters from 12 billion cubic meters due to higher Norwegian supplies. The Turkmenistan-to-China pipeline route was the most active, accounting for 30 billion cubic meters of trade.

The share of LNG in net export volumes grew to 53 percent as Europe turned to LNG to replace Russian pipeline gas. In 2024, global gas export volumes are expected to increase by approximately 48 billion cubic meters (4.7 percent), driven by rising demand in regions such as Asia. Although both LNG and pipeline exports are projected to grow, pipeline exports are expected to see a slightly faster increase due to higher supplies from Norway and Algeria and Russia's expanding eastward flows. Nevertheless, LNG's share is anticipated to remain above 50 percent, reflecting a continued shift in global gas markets since 2022.

Table 3: Top 10 gas exporters and importers in 2023

Top 10 Exporters (Bcm)		Top 10 Importers (Bcm)	
Russia	139	China	160
Qatar	128	Japan	91
United States	127	Germany	77
Norway	120	Mexico	64
Australia	110	South Korea	61
Canada	53	Italy	59
Algeria	52	Turkey	49
Turkmenistan	41	France	41

Note: Exports and imports in the Table are net, subtracting imports from exports for any given exporter and vice versa.

Source: IGU

Conclusion

The International Gas Union found that a natural gas supply shortage of 22 percent is expected globally by the end of the decade due to decarbonization scenarios underestimating demand growth. Volatility is also an issue in natural gas markets due to the geopolitical situation with the Russia-Ukraine and Israel-Hamas wars and climate policies of developed and developing nations making it more difficult to estimate demand and trade flows. While the United States became the largest LNG exporter in 2023, that rank may not continue due to the Biden-Harris pause on LNG infrastructure. DOE continues to honor the pause while ignoring a Louisiana Federal District Judge issuing a preliminary injunction against the Biden-Harris Administration's temporary moratorium on licenses for LNG export facilities.

The Biden-Harris Administration continues to research the issue, thus essentially continuing the moratorium, even though it is limiting potential exports to the Ukraine and other parts of Europe who wish to end natural gas purchases from Russia. Unanticipated delays mean some projects may miss their window of opportunity, especially in the higher interest rate environment under President Biden and Vice President Harris. And, if the world's growing energy demands are unmet by LNG, other energy sources could step in the breach, possibly with higher carbon dioxide emissions.

FACTCHECK

Why U.S. Electricity Price Inflation is Soaring

Electricity Transmission Competition Coalition

Electricity prices are high because of a lack of transmission competition.

America is experiencing high and accelerating electricity prices despite low electricity generation costs, and flat demand because transmission rates are climbing, and policy set by the Federal Energy Regulatory Commission is to blame.

Electricity transmission competition leads to lower costs for consumers. Competitively bid transmission projects save as much as 40%; those savings are passed on to consumers in the form of lower monthly electricity bills. Without competition, incumbent monopoly utilities are charging more for projects and then passing those costs on to consumers in the form of higher prices and FERC policy is letting them do it. Transmission spending by electric utilities is very lucrative – receiving a guaranteed 10-12% ROE for 40 years or more.

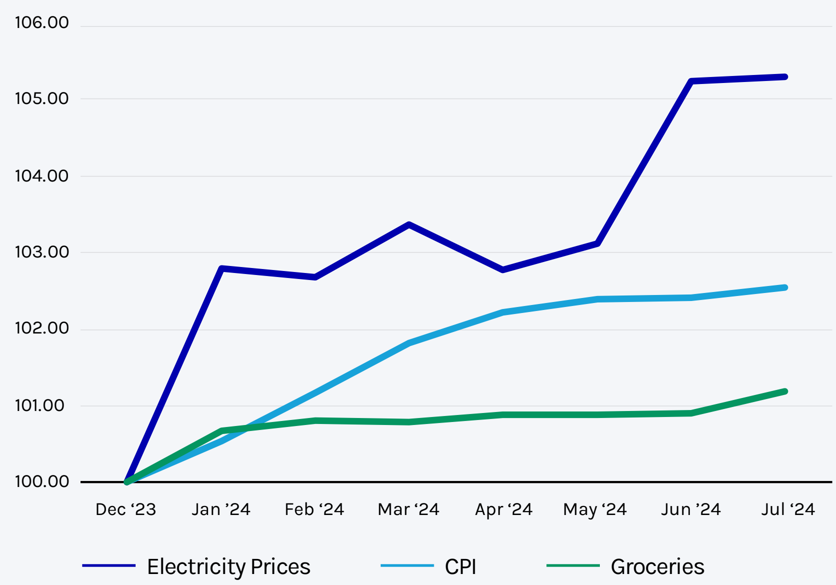
Prices are at record highs

Electricity prices are at record highs as persistent electricity price inflation continues to pressure consumers in their monthly utility bills. This summer saw average electricity bills soar to new records at $173 per month according to the **Energy Information Administration**.

In July, electricity price inflation rose on an annual basis by 4.9%, well in excess of comparable rises in the average American grocery bill of 1.1%, as measured by the Consumer Price Index (CPI). Electricity price inflation continued to exceed the broader CPI, which increased by 2.9% on an annual basis. Electricity price inflation has routinely been more than the CPI and other key commodities.

Fig. 1

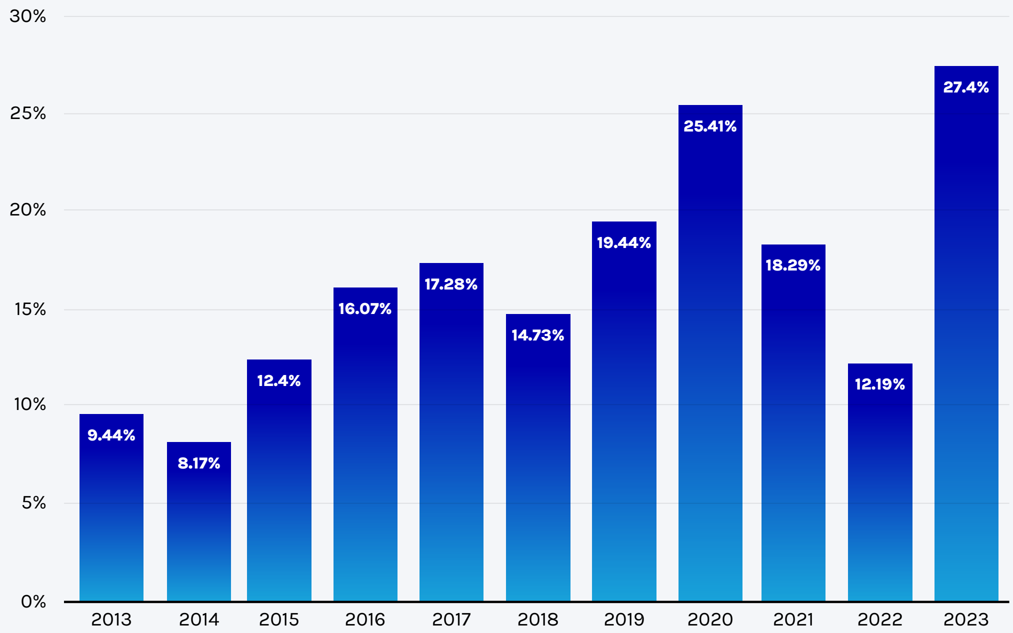
Indexed electricity price inflation exceeds the CPI and increases to American's grocery bills



The percentage of the electricity price composed by transmission in the PJM RTO rose from 9% to 27% between 2013 and 2023.

Fig. 2

Transmission as percentage of Overall PJM Wholesale Cost



FERC's Failure

In 2011, FERC issued Order 1000 requiring new regionally planned transmission projects be competitively bid – they then failed to enforce it leading to only 3% of new projects being subject to competition. The electricity utility market is a natural monopoly market; without competitive bidding on new transmission projects, there is no incentive for them to reduce costs.

FERC's recent Order 1920 included a loophole in the form of a Right-Sizing Right of First Refusal provision. A Right of First Refusal law gives incumbent utilities the power to block competition on new transmission lines.

The lack of competition has meant that prices have risen for consumers as monopoly incumbent utilities charge more for transmission without facing competitive pressure to lower prices.

A Bipartisan Solution

Electricity transmission competition will lead to lower electricity prices for consumers; FERC must wholly endorse competitive bidding for new transmission projects and excise the ROFR loophole in Order 1920.

Electricity transmission competition leads to lower costs for consumers.

Competitive bidding of transmission projects leads to greater accountability and can include cost caps, lower ROEs, financial penalties for not meeting project deadlines, oversight, and legal recourse for RTOs.

Transmission competition has been endorsed by the DOJ under both President Biden and President Trump and has bipartisan Congressional support.

etcc Electricity Transmission Competition Coalition

To learn more, visit ETCCoalition.org

CBS NEWS - HealthWatch

More Americans are having to choose between food and energy bills

By Melba Newsome
August 26, 2024 / 5:00 AM EDT / KFF Health News

Charlotte, N.C. — During the heat dome that blanketed much of the Southeast in June, Stacey Freeman used window units to cool her poorly insulated mobile home in Fayetteville, North Carolina. Over the winter, the 44-year-old mom relied on space heaters.

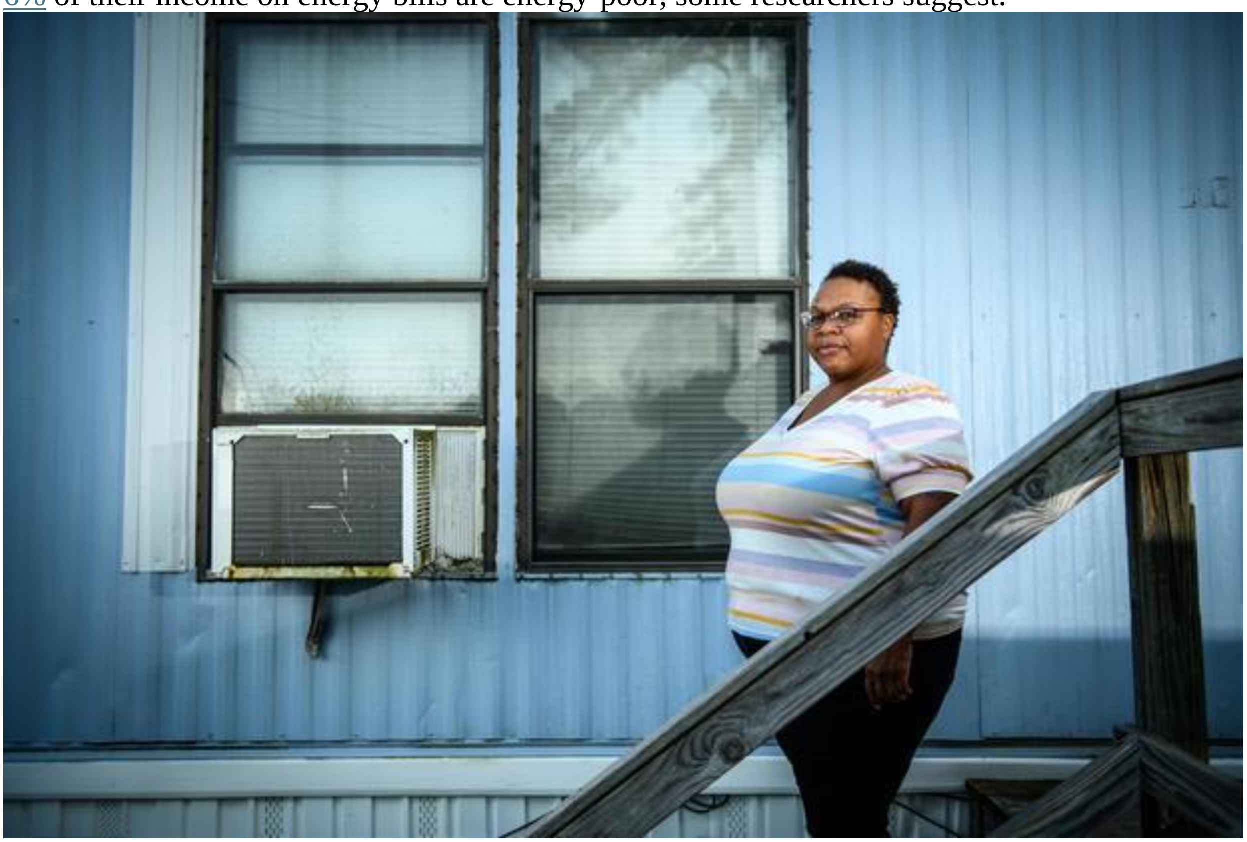
In both instances, her energy bills reached hundreds of dollars a month.

"Sometimes I have to choose whether I'm going to pay the light bill," Freeman said, "or do I pay all the rent or buy food or not let my son do a sport?"

As a regional field organizer for PowerUp NC, Freeman's job is to help people properly weatherize their homes, particularly in the Sandhills region, where she lives and works and where poverty and rising temperatures make residents vulnerable to the health impacts of climate change.

But Freeman's income is too high to benefit from the very services she helps others attain from that grassroots sustainability, clean energy, and environmental justice initiative.

Like a growing number of Americans, Freeman struggles with what is known as energy poverty, including the inability to afford utilities to heat or cool a home. Households that spend more than 6% of their income on energy bills are energy-poor, some researchers suggest.



CBS NEWS - HealthWatch

More Americans are having to choose between food and energy bills

Stacey Freeman, a regional field organizer for a nonprofit in Fayetteville, North Carolina, experiences energy poverty — which can increase one's exposure to extreme heat or cold and raise the risk of developing health conditions. Andrew Craft for KFF Health News

Energy poverty can increase one's exposure to extreme heat or cold, which raises the risk of developing respiratory issues, heart problems, allergies, kidney disorders, and other health conditions. And the burden falls disproportionately on households in communities of color, which experience it at a rate 60% greater than those in white communities.

Public health and environmental experts say that as climate change continues to create extreme weather conditions, more policy efforts are needed to help vulnerable communities, especially during heat waves.

"Energy poverty is just one example of how climate change can exacerbate existing inequities in our communities," said Summer Tonizzo, a spokesperson for the North Carolina Department of Health and Human Services.

Extreme heat is the No. 1 cause of weather-related deaths in the U.S., a risk that grows as temperatures rise. Last year, 2,302 people in the U.S. died from heat-related causes, a 44% increase from 2021. In one week in early July this year, extreme heat killed at least 28 people, according to The Washington Post, based on reports from state officials, medical examiners, and local news reports.

Yet, 1 in 7 households spend about 14% of their income on energy, according to RMI, an energy and sustainability think tank. Nationally, 16% of households are in energy poverty, concluded an analysis co-authored by Noah Kittner, an assistant professor of public health at the University of North Carolina-Chapel Hill.

"Old, inefficient buildings and heating systems are prompting people to supplement their energy needs in ways that increase the costs," Kittner said.

Pregnant women, people with heart or lung conditions, young children, older adults, and people working or exercising outdoors are most at risk for heat-related health concerns. High temperatures are also correlated with mental health issues such as suicide and severe depression.

Location is another risk factor. For example, in a historically Black community in Raleigh, known as Method, temperatures can be 10 to 20 degrees hotter than nearby areas with more vegetation and less development, said La'Meshia Whittington, an environmental justice and clean energy advocate. Interstate 440 runs through Method, and the city stores shuttle buses there, often with engines running.

"That creates a lot of pollution that heats up the neighborhood," Whittington said. "There's no land to soak up the heat. Instead, it bounces off shingles, roofs, pavement and creates a stove."

Method residents frequently complain of chronic headaches and respiratory problems, she said.

While rural areas tend to have lower temperatures than nearby urban areas because they have less asphalt and more trees, they often lack resources, such as health care facilities and cooling centers. Substandard housing and higher rates of poverty contribute to high rates of heat-related illness.

Energy poverty "is the layering of burdens without a means, at the individual level, to combat those burdens," said Ashley Ward, director of the Heat Policy Innovation Hub at Duke University.

In many parts of the country, extreme heat is a relatively new concern. Policymakers have historically focused on threats from colder temperatures.

The federal government's Low Income Home Energy Assistance Program, established more than four decades ago, has a funding formula that favors cold-weather states over those that experience extreme heat, according to research from Georgetown University. Florida, Georgia, Arizona, Texas, and Nevada have the lowest proportional allocations of federal funding, while North Dakota, South Dakota, and Nebraska have the highest.

North Carolina has largely relied on private donors and local nonprofits, such as PowerUp, to distribute fans and air conditioning units in the summer, but the state doesn't contribute to the costs of energy bills.

On extremely hot days, Freeman and her PowerUp NC colleagues work with state health officials to direct vulnerable people to cooling centers.

On a personal level, staying cool this summer meant sending her son to a free, open recreational center, rather than paying for him to join a sports league.

"We're doing stuff that doesn't cost," she said. "Just trying to keep up with the electric bill."

Natural Gas Helps Put More Affordable Food on American Tables

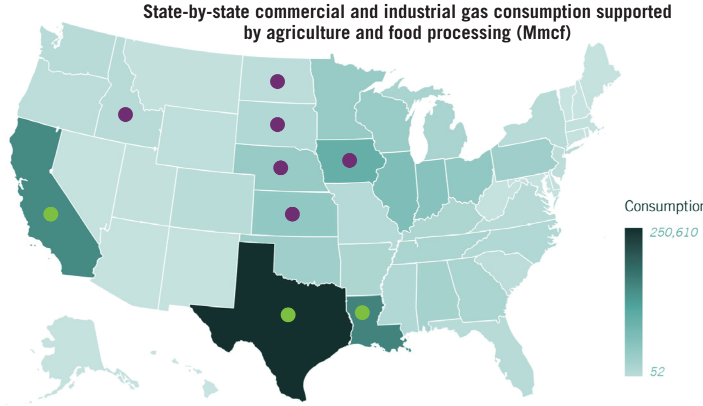
AGA American Gas Association

U.S. agriculture is one of the largest consumers of natural gas, accounting for nearly 15% of U.S. commercial and industrial natural gas demand.

In **Idaho**, **Iowa**, **Kansas**, **Nebraska**, **North Dakota** and **South Dakota** agriculture represents more than 30% of commercial and industrial gas demand.

California, **Louisiana** and **Texas** are the largest users of natural gas for agriculture.

State-by-state commercial and industrial gas consumption supported by agriculture and food processing (Mmcf)



Natural gas supports crop technologies and supply chains that help the United States produce more food than any other country.

1. **Fueling Fertilizers**
   Natural gas provides **70-80%** of all energy used to produce nitrogen-based fertilizers for 68% of U.S. farms.
2. **Securing Supply Chains**
   Without U.S. natural gas, farmers would rely on expensive imports from **China and Russia** to make fertilizers, herbicides and pesticides.

Americans see a clear link between abundant natural gas and affordable food.

Morning Consult poll conducted from February 8-9, 2023

> **95% of Americans are concerned about the price of food.**

> **83% of adults fear bans on natural gas would raise food prices.**

That's why Americans overwhelmingly oppose bans on natural gas, including:

Morning Consult poll conducted from February 8-9, 2023

Read Full Report: aga.org/advancingamerica

www.aga.org | AGA_naturalgas | naturalgas | aga_natgas

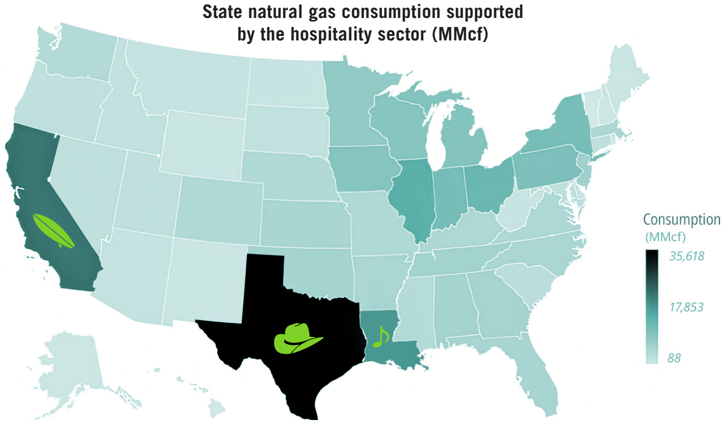
America's Hospitality Sector Depends on Affordable, Reliable Natural Gas

AGA American Gas Association

Natural gas supports restaurants, lodging and amusement parks nationwide.

The U.S. hospitality sector and its supply chain consumes 294.1 Bcf of natural gas per year.

Texas, **California** and **Louisiana** use more natural gas for hospitality than any other states.



Natural Gas Provides:

1 A Variety of Tasty Food

Natural gas supports efficient and precise cooking.

90% of restauranteurs who cook with natural gas believe natural gas bans would harm the quality and variety of their food.

2 Hot Showers, Clean Towels & Heated Pools

The U.S. hospitality sector has one of the highest needs for water heating.

Natural gas water heaters allow hotels to reliably heat pools, showers and water parks year-round.

3 Comfortable Lodging & Cozy Hotel Rooms

Commercial and industrial customers have saved more than $500 billion over the last decade by using natural gas.

Hospitality businesses have always faced slim profit margins, and as this sector recovers from the pandemic, natural gas provides these businesses with reliable, affordable energy.

Without natural gas, hospitality businesses would face:

- **Higher prices for consumers**
- **Lower wages for workers**

More than two-thirds of voters fear natural gas bans would make hotel stays more expensive.

Mandated electrification in the hospitality sector would result in increased fuel expenditures of $23.2 billion through 2050, threatening an industry that supports 16.9% of all U.S. jobs.

For More Information Visit: www.aga.org | AGA_naturalgas | naturalgas | aga_natgas

Chart of the Week #2024-34

Household Electricity Prices in the U.S. and Europe

Batt Odgerel

August 28, 2024

Washington, DC

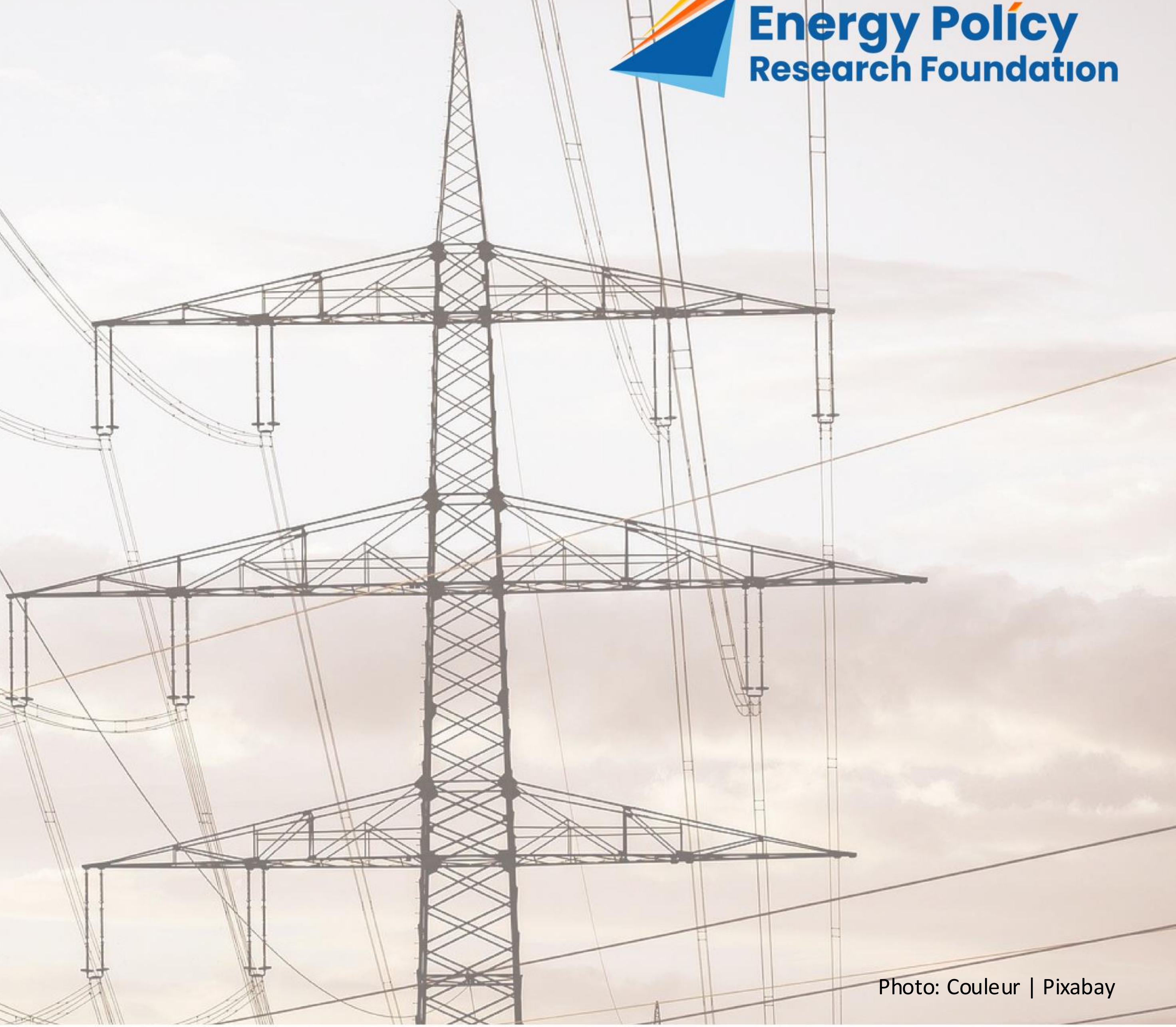
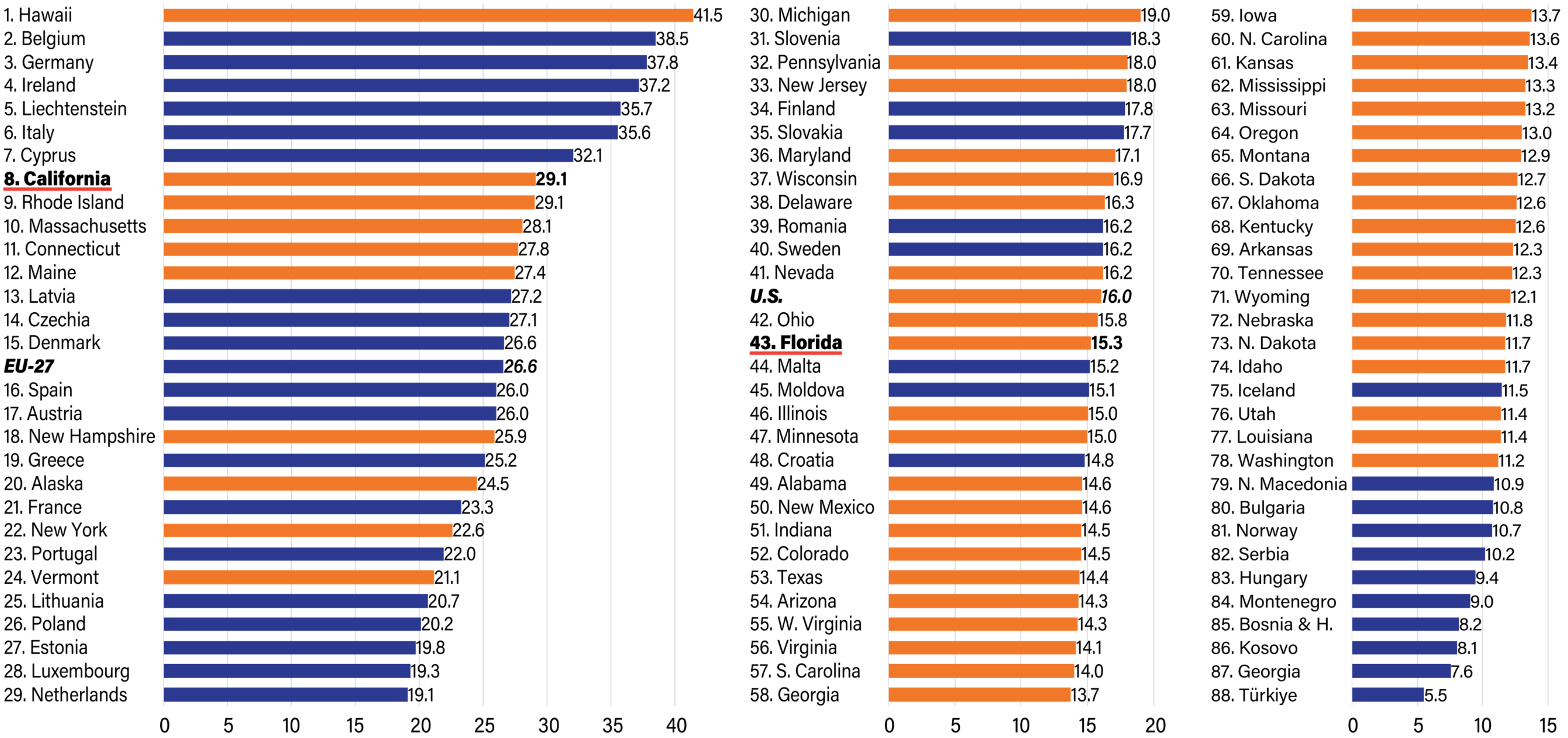


Photo: Couleur | Pixabay

Europe vs. U.S. States

Average Household Electricity Prices (cent/kWh) in Second Half of 2023



Note: The household electricity prices paid by ultimate customers exclude VAT and other recoverable taxes and levies. The EUR-USD exchange rate of 1.082 (average during the period) is applied.
Sources: EIA, Eurostat, ECB, Energy Policy Research

Household Electricity Prices in the U.S. and Europe

- The graph shows a wide variation in average household electricity prices in European countries and U.S. states during the second half of 2023. This period was selected due to the availability of comparable data; however, it is important to note that the electricity prices in most of these regions have significantly increased in 2024.
- Hawaii, fully reliant on imported petroleum products due to its isolated location, had the highest average household electricity price at 41.5 cents per kilowatt-hour, followed by Belgium, Germany, and Ireland.
- Among the lower 48 U.S. states, California recorded the highest average price, followed closely by most New England states, all of which were higher than the European Union average of 26.6 cents/kWh and more than 10 cents higher than the U.S. average of 16 cents/kWh. These higher prices reflect strict renewable energy mandates, regulatory policies, and high infrastructure costs in these regions.
- European prices were converted from euros to U.S. dollars using an exchange rate of 1.082, an average during the second half of 2023.
- This slide deck is available at: https://eprinc.org/chart-of-the-week/
- For more information on these charts, please contact Batt Odgerel (batto@eprinc.org)

JOINT ECONOMIC COMMITTEE
CONGRESSMAN DON BEYER, VICE CHAIR

The Economic Benefits of Birth Control and Access to Family Planning

Updated February, 2020

Until the 1965 Supreme Court decision in *Griswold v. Connecticut*, access to birth control was **heavily restricted or banned**—even for married couples—in many states. It wasn't until 1972 that birth control became **legal for all women** in the United States regardless of marital status.[1]

The expansion in access to reliable birth control in the second half of the 20th century greatly improved the economic status of women. By enabling women to better determine when or if they have children, oral contraceptives and other methods of reliable birth control have advanced women's economic empowerment and improved health outcomes for mothers and their children. The benefits of family planning underscore the importance of ensuring that Americans have access to affordable, reliable birth control methods.

Fewer Unwanted Pregnancies

The rate of unplanned pregnancies has dropped precipitously in the last 40 years.

- In 2011, the unplanned pregnancy rate was **45 per 1,000 pregnancies**, the lowest rate since at least 1981 when the rate was **nearly 60**.[2] Between 2008 and 2011 alone the rate **dropped 18%**.[3] Studies suggest the decline is likely due to an overall increase in contraceptive use and effectiveness of contraceptive methods.

- The rate of teenage pregnancy in the United States dropped from almost **118 pregnancies per 1,000** women aged 15-19 in 1990 to a record low **19 per 1,000** in 2017.[4] Much of the recent decline is **attributable** to the rapid expansion of available contraceptive methods that occurred since 1990.[5]

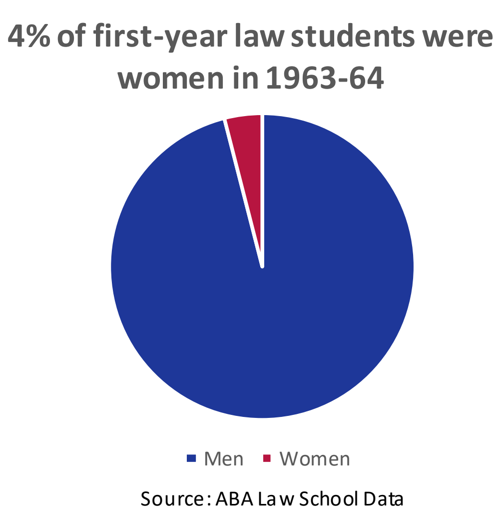
- A 2010 study found that publicly funded contraceptive care resulted in a reduction of approximately **one million unplanned births** in that year.[6] Researchers estimate that over 150,000 would have been premature, low birth weight or both, while 300,000 would have been closely spaced, which studies have linked to **increased risks of maternal** and **infant mortality** and other adverse outcomes.[7]

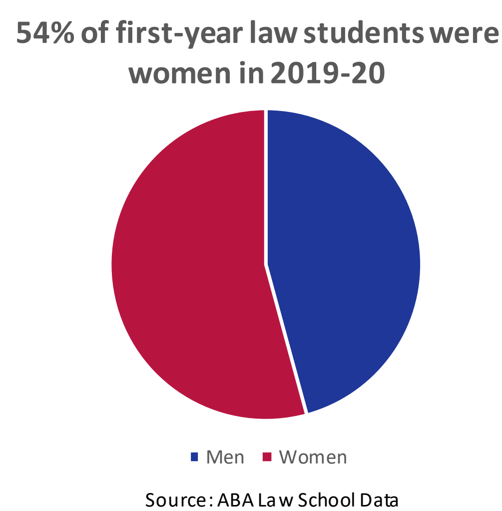
Expanded Educational Opportunities

Control over the timing of childbearing gives women more choices to pursue higher education and professional careers.

- In 1970, just five years after birth control was made legal for married couples, some states had reduced the age of access to birth control from 21 to 18 while other states did not. Research suggests that access to birth control at an earlier age improves economic outcomes for women, such as increases in educational attainment and labor force participation. One study found that college enrollment was **20 percent higher** for women who had legal access to birth control than for those who did not.[8] Women with earlier birth control access were also less likely to leave school before earning their degree.

- The number of women pursuing professional education spiked after the landmark Supreme Court cases that made birth control legal and accessible. Women made up **less than five percent** of first-year law and business school classes in the 1960s, and the share **increased more than ten times** to around 57 percent and 39 percent by 1980 for law and business respectively. In medical schools, the share **roughly tripled** during that period, from 10 percent to 42 percent.[9]
- Today, women make up more than half of both **law school** and **medical school students**, while business schools fall **short of 40%.**[10] For example, when Justice Ruth Bader Ginsburg was a student at Harvard Law School in 1957, she was **one of nine women** in a class of over 500 men. Today, she would be in the company of nearly 300 women.[11]





Higher Income

Women with early access to birth control experience higher lifetime earnings.

- Researchers point to the resurgence of the women's movement, the Civil Rights Act of 1964 and the availability of oral contraceptives, the **most used** method of contraception, as the main causal roots for the narrowing of the gender pay gap.[12] According to one study, access to birth control pills is responsible for **roughly one-third** of the total wage gains women have made since the 1960s.[13]

- Increased access to oral contraceptives can even increase women's earnings after their reproductive years. One study estimates that since birth control became available in the 1960s, access to birth control pills at a younger age "**conferred an 8 percent** hourly wage premium by age 50."[14]

- Increased access to birth control can also reduce female poverty. One study found that "having legal access to the birth control pill by age 20 **significantly reduces** the probability that a woman is subsequently in poverty."[15]

- Another study found that "legal access to the pill before age 21 **significantly reduced** the likelihood of a first birth before age 22, increased the number of women in the paid labor force, and raised the number of annual hours worked."[16]

Better Outcomes for Children

Contraception is linked to improved maternal and child health outcomes by enabling women to plan, delay and space pregnancies.

- Family planning programs reduce the likelihood of children living in poverty, the share of children living in households receiving welfare payments and the share of children living in single-parent households. Research shows that increased access to federally-funded family planning programs is associated with **large reductions** in child poverty rates and in later poverty rates in adulthood.[17]

- The children of women who have access to family planning are more likely to have **higher educational attainment**.[18] Given the well-known links between higher educational attainment and higher wages, these children also appear to have higher lifetime incomes.

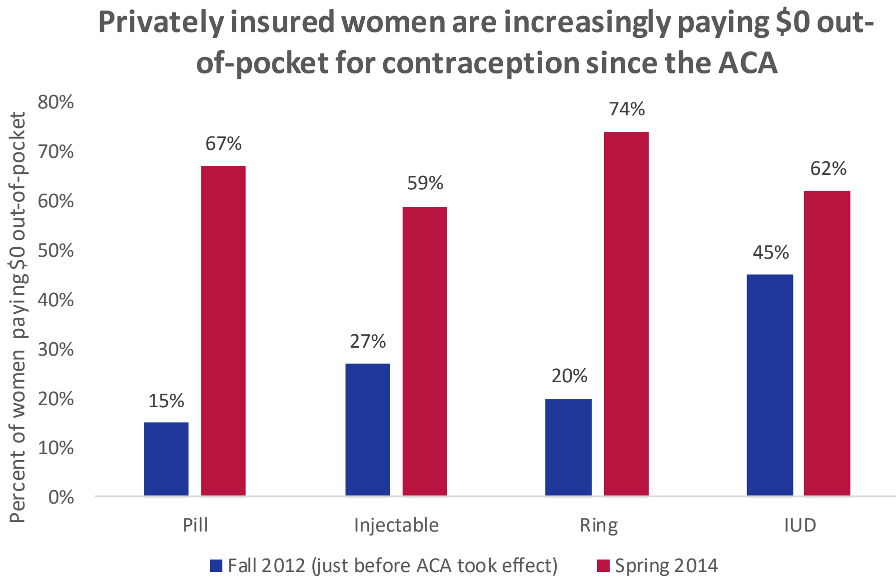
Private and Public Cost Savings

Removing barriers to contraception helps alleviate the costs of contraceptives, which are disproportionally borne by women, and preventing unplanned pregnancies saves taxpayer dollars.

- The year after the Affordable Care Act (ACA) went into effect in 2012, **women saved $483 million** on birth control pills due to the provision ensuring zero out-of-pocket costs for contraceptives.[19]

- For the **60% the 61 million** U.S. women of reproductive age use a contraceptive method. For women using contraceptives, average annual savings were **$248** for the intrauterine device and **$255** for the oral contraceptive pill in 2013.[20]

- A 2014 study found that preventing unplanned pregnancies and their associated costs comprised the biggest share of government cost savings: **$15.2 billion** saved on Medicaid-covered maternity and infant care and on publicly funded medical care for children aged 13 to 60 months; **$409 million** saved on Medicaid-covered care for miscarriages; **$44 million** saved for abortion care.[21]



Source: Sonfield, A., Tapales, A., Jones, R. K., & Finer, L. B. (2015). Impact of the federal contraceptive coverage guarantee on out-of-pocket payments for contraceptives: 2014 update. *Contraception*, *91*(1), 44-48.

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DEPARTMENT OF ENERGY AND RELATED COMMISSIONS

Bernard L. McNamee

AMERICAN ENERGY AND SCIENCE DOMINANCE

The next conservative Administration should prioritize energy and science dominance to ensure that Americans have abundant, affordable, and reliable energy; create good-paying jobs; support domestic manufacturing and technology leadership; and strengthen national security. Achieving these goals will require bold policy action and reforms that involve the U.S. Department of Energy (DOE); the Federal Energy Regulatory Commission (FERC); and the Nuclear Regulatory Commission (NRC).

American Energy Dominance. Access to affordable, reliable, and abundant energy is vital to America's economy, national security, and quality of life. Yet ideologically driven government policies have thrust the United States into a new energy crisis just a few short years after America's energy renaissance, which began in the first decade of the 2000s, transformed the United States from a net energy importer (oil and natural gas) to energy independence and then energy dominance. Americans now face energy scarcity, an electric grid that is less reliable, and artificial shortages of natural gas and oil despite massive reserves within the United States—all of which has led to higher prices that burden both the American people and the economy.

The new energy crisis is caused not by a lack of resources, but by extreme "green" policies. Under the rubrics of "combating climate change" and "ESG" (environmental, social, and governance), the Biden Administration, Congress, and various states, as well as Wall Street investors, international corporations, and progressive special-interest groups, are changing America's energy landscape. These ideologically driven policies are also directing huge amounts of money to favored interests and making America dependent on adversaries like China for energy. In the name of combating climate change, policies have been used to create an artificial energy scarcity that will require trillions of dollars in new investment, supported with taxpayer subsidies, to address a "problem" that government and special interests themselves created. The result has been increased energy costs that:

- Hurt individuals and families, especially low-income Americans and seniors on fixed incomes;
- Make businesses that create the jobs that drive our economy and quality of life less competitive; and
- Make America less energy secure.

Moreover, increased energy scarcity will allow government, either directly or through access to banks and Wall Street investors, to decide who is "worthy" to receive funding for energy projects. In the end, government control of energy is control of people and the economy. This is one reason why the trend toward nationalization of our energy industry through government mandates, bans on the production and use of oil and natural gas, and nationalization of the electric grid is so dangerous.

At the same time, adversaries like China, Russia, North Korea, Iran, and non-state actors are constantly engaged in cyberattacks against our energy infrastructure. We have already seen what supposedly "minor" attacks, such as the cyberattack on the Colonial Oil Pipeline[1] or the physical attack on electric infrastructure in North Carolina,[2] can do. A coordinated cyber and physical attack on natural gas pipelines and the electric grid during an extended cold spell could be catastrophic. Yet the current Administration's first concern is plowing taxpayer dollars into intermittent wind and solar projects and ending the use of reliable fossil fuels.

A conservative President must be committed to unleashing all of America's energy resources and making the energy economy serve the American people, not special interests. This means that the next conservative Administration should:

- **Promote** American energy security by ensuring access to abundant, reliable, and affordable energy.
- **Affirm** an "all of the above" energy policy through which the best attributes of every resource can be harnessed for the benefit of the American people.

- **Support** repeal of massive spending bills like the Infrastructure Investment and Jobs Act (IIJA)[3] and Inflation Reduction Act (IRA),[4] which established new programs and are providing hundreds of billions of dollars in subsidies to renewable energy developers, their investors, and special interests, and support the rescinding of all funds not already spent by these programs.

- **Unleash** private-sector energy innovation by ending government interference in energy decisions.

- **Stop** the war on oil and natural gas.

- **Allow** individuals, families, and business to use the energy resources they want to use and that will best serve their needs.

- **Secure and protect** energy infrastructure from cyber and physical attacks.

- **Refocus** the Department of Energy on energy security, accelerated remediation, and advanced science.

- **Promote** U.S. energy resources as a means to assist our allies and diminish our strategic adversaries.

- **Refocus** FERC on ensuring that customers have affordable and reliable electricity, natural gas, and oil and no longer allow it to favor special interests and progressive causes.

- **Ensure** that the Nuclear Regulatory Commission facilitates rather than hampers private-sector nuclear energy innovation and deployment.

American Science Dominance. Ever since the age of Benjamin Franklin, the United States has been at the forefront of scientific discovery and technological advancement. Beginning with the groundbreaking science of the Manhattan Project, the U.S. has developed 17 National Laboratories that conduct fundamental and advanced scientific research. The National Labs have been critical in supporting national defense and ensuring that the United States leads on scientific discoveries with transformative applications that benefit America and the world.

In recent years, however, U.S. science has been under threat. Externally, adversaries like the Chinese military have been engaged in scientific espionage, infiltrating taxpayer-funded scientific research projects, and funding their own science research. In addition, the National Labs have been too focused on climate change and renewable technologies.

American science dominance is critical to U.S. national security and economic strength. The next conservative President therefore needs to recommit the United States to ensuring this dominance.

MISSION STATEMENT FOR A REFORMED DEPARTMENT OF ENERGY

The Department of Energy should be renamed and refocused as the Department of Energy Security and Advanced Science (DESAS). DESAS would refocus on DOE's five existing core missions:

- Providing leadership and coordination on energy security and related national security issues,
- Promoting U.S. energy economic interests abroad,
- Leading the nation and the world in cutting-edge fundamental advanced science,
- Remediating former Manhattan Project and Cold War nuclear material sites, and
- Developing new nuclear weapons and naval nuclear reactors.

These missions work together by using advanced science to promote national security while getting the government out of the business of picking winners and losers in energy resources. Reform is needed because DOE, instead of focusing on core energy and security issues, has been spending billions of taxpayer dollars to subsidize renewable energy developers and investors, thereby making Americans less energy secure and distorting energy markets.

OVERVIEW

DOE was created by the Department of Energy Organization Act of 1977[5] in response to the 1970s oil crisis, consolidating various energy programs that previously had operated without coordination throughout the federal government in a single department. In addition to addressing energy issues, DOE is tasked with:

- Engaging in basic and fundamental science and research through the 17 National Laboratories;
- Cleaning up the Manhattan Project and Cold War nuclear material and weapons sites;

- Developing sites for the storing of civilian nuclear waste; and
- Developing new nuclear weapons and naval reactors through the semiautonomous National Nuclear Security Agency (NNSA).

Beyond these core responsibilities, DOE currently administers billions of dollars that support research and commercialization of energy technology, provides loans to the private sector for energy infrastructure and technology commercialization, and issues energy efficiency standards for appliances. More recently, DOE has focused its work and taxpayers' money on renewable energy and climate change.[6]

It is one thing for government to engage in fundamental scientific research that the private sector would not perform, particularly because advancements in science promote national security through technological prowess. Government, however, should not be picking winners and losers in dealing with energy resources or commercial technology. Such government favoritism can crowd out new innovation, devolve into cronyism, and raise energy prices for consumers and businesses. It is time for the United States to use all of its energy resources again for the benefit of the American people.

New Policies: Energy

To ensure that the American people have access to abundant, affordable, and reliable energy, DESAS's energy role should be focused on:

- Working with the energy industry and networks to ensure energy infrastructure security through science and coordination with the private sector.
- Assessing international energy issues that constitute threats to U.S. national security.
- Promoting U.S. energy resources as a means to assist our allies, diminish our strategic adversaries, and ensure the existence of markets that will support domestic energy production.
- Pursuing early and advanced science, including materials science, that is related to energy and national security.
- Developing the leadership necessary for the disposal of commercial and government spent nuclear fuel.

National Energy Security. Protecting American infrastructure from cyber and physical threats, both natural and human, is vital to national security, the economy, and the well-being of the American people. Protecting and advancing these national security interests is a proper role for the federal government. DESAS should:

- **Focus on studying threats to the electric grid, natural gas, and oil infrastructure; sharing such information with the energy industry; promoting the reliability and security of energy resources and infrastructure; and developing strategies and technologies to combat threats by working with the National Labs.** The following offices would report to the DESAS Undersecretary of Energy Security:

    1. Office of Cybersecurity, Energy Security, and Emergency Response (CESER), elevated to an Assistant Secretary. CESER would work with the existing or reconstituted versions (as described in more detail below) of the Office of Electricity (OE); Office of Nuclear Energy (NE); Office of Fossil Energy (FE), currently the Office of Fossil Energy and Carbon Management (FECM); Office of Energy Efficiency and Renewable Energy (EERE); and the Strategic Petroleum Reserve (SPR) to identify and address threats to energy infrastructure.[7] Instead of trying to decarbonize the American economy and allocating taxpayer dollars for commercialization of energy technologies, these offices would focus on energy security by identifying threats to energy supplies and infrastructure, developing strategies to address those threats, and funding fundamental science and technology where appropriate.

    2. Office of Electricity (Assistant Secretary).

    3. Office of Nuclear Energy (Assistant Secretary).

    4. Office of Fossil Energy (Assistant Secretary, with Carbon Management deleted from its title and purpose.

    5. Office of Energy Efficiency and Renewable Energy (Assistant Secretary).

    6. Strategic Petroleum Reserve (stand-alone or part of CESER).

- **Eliminate special-interest funding programs.** Many DOE energy funding programs are not targeted on fundamental science and technology; instead, they focus more on commercialization and act as subsidies to the private sector for government-favored resources. The DOE Office of Clean Energy Demonstrations (OCED); Office of State and Community Energy Programs; ARPA-E; Office of Grid Deployment (OGD); and DOE Loan Program should be eliminated or reformed. If they continue to exist, FECM, NE, OE, and EERE should focus on fundamental science and technology issues, particularly in relation to cyber and physical threats to energy security, rather than subsidizing and commercializing energy resources.

- **Eliminate political and climate-change interference in DOE approvals of liquefied natural gas (LNG) exports.** In addition, Congress should reform the Natural Gas Act[8] to expand required approvals from merely nations with free trade agreements to all of our allies, such as NATO countries.

- **Focus the Federal Energy Management Program (FEMP) on ensuring that government buildings and operations have reliable and cost-effective energy.** FEMP should stop using taxpayer dollars to force the purchase of more expensive and less reliable energy resources in the name of combating climate change.

- **Ensure that information provided by the U.S. Energy Information Agency (EIA), a data and statistical organization, is data-neutral.**

- **Focus FERC on its statutory obligation to ensure access to reliable energy at just, reasonable, and nondiscriminatory rates.** FERC is a five-member commission created under the DOE Organization Act that regulates the wholesale sales and transmission of electricity, promotes electric reliability through standards, permits natural gas pipelines and LNG export facilities, sets natural gas pipeline shipping rates, and sets oil pipeline shipping rates. It is an economic regulator and should not make itself a climate regulator.

- **Streamline the nuclear regulatory requirements and licensing process.** Such changes would help to lower costs and accelerate the development and deployment of civilian nuclear, such as advanced nuclear reactors (including small modular nuclear reactors). The Nuclear Regulatory Commission (NRC) is commission tasked with the licensing of civilian nuclear reactors and power plants and regulating other uses of nuclear materials, such as nuclear medicine. Although it is not a DOE agency, its jurisdiction over nuclear reactor, fuel, safety, and trade issues often relates to or impinges on DOE's jurisdiction.

- **Focus on energy and science issues, not politicized social programs.** The next Administration should stop using energy policy to advance politicized social agendas. Programs that sound innocuous, such as "energy justice,"[9] Justice40,[10] and DEI,[11] can be transformed to promote politicized agendas. DOE should focus on providing all Americans with access to abundant, affordable, reliable, and secure energy, and DOE should manage its employees so that everyone is treated fairly based on his or her talent, skills, and hard work.

New Policies: International Energy Security

To help the President and policymakers understand and apply U.S. energy interests in international affairs more effectively, various DOE programs offices need to be reformed.

- **Promote American energy interests.** The next Administration should make U.S. energy dominance a key component of its foreign policy while ensuring that domestic and international goals are aligned. American energy dominance will allow the United States to secure energy for its citizens, markets for its energy exports, and access to new energy natural resources and will provide tools for U.S. policymakers to assist our allies and deter our adversaries. DESAS should analyze U.S. international energy security interests and develop a National Energy Security Strategy (NESS). This strategy would take account of the energy landscape across the globe to inform the President in his foreign policy and defense roles, but it should not be a tool for U.S. industrial policy, although it might highlight how current domestic industrial and climate policies threaten U.S. energy and national security.

- **Strengthen the role of the new Department of Energy Security and Advanced Science.** There are frequent turf battles on energy issues between the Department of State and DOE. Although the State Department clearly has the policymaking authority under the DOE Organization Act, it tends to ignore the expertise and perspectives that DOE provides. The existing Assistant Secretary for International Affairs should provide the principal support for the DOE Secretary and Deputy Secretary on National Security Council (NSC) activities and should interface with colleagues at the Departments of Defense, State, Treasury, and Commerce, as well as the Intelligence Community (IC).

New Policies: Advanced Science

To ensure that America continues to lead the world in fundamental science, the National Labs should be refocused, and national science policy should be reviewed and coordinated.

- **Refocus the National Labs on fundamental and advanced science.** DOE currently oversees 17 National Laboratories. The three National Labs run by DOE's NNSA should continue to focus on national security issues. The remaining 14 science and energy labs should focus on basic research projects; demonstration and deployment of technology should be left to the private sector. This goal can be achieved by realigning the labs to limit duplication and mission creep and to maximize potential.

- **Conduct a whole-of-government assessment and consolidation of science.** Before the start of a new Administration, there should be a review of all the federal science agencies.[12] This should include a review of the ill-advised attempt to expand the National Science Foundation's mission from supporting university research to supporting an all-encompassing technology transition. Specific to DOE, there should be a review to measure, prioritize, and consolidate DOE programs based on a range of beneficial factors, including degree of relationship to national security; furtherance of energy security (cyber but also international aspects); and importance to scientific discovery/advancement.

New Policies: Remediation of Nuclear Weapons Development Programs and Civilian Nuclear Waste

Cleaning up the radioactive waste produced in support of the Manhattan Project and the Cold War at America's nuclear development sites is a massive and complicated process led by DOE's Office of Environmental Management. Projected liabilities and costs to be borne by America's taxpayers, according to DOE's FY 2023 budget request, total $887,205 billion.[13] In addition, the federal government is required by law to dispose of nuclear waste produced by the private sector, including spent fuel rods from nuclear power plants. The new DESAS should:

- **Continue DOE's remediation of radioactive waste created by the nuclear weapons projects from the Manhattan Project and Cold War.** Strong leadership focused on accelerating the cleanup, coupled with technical and administrative innovation, will be needed to reduce the federal government's third largest liability.

- **Develop a new approach that increases the level of private-sector responsibility for the disposal of nuclear waste.** Disposing of civilian nuclear waste is an important national issue that requires strong scientific study. According to an independent audit conducted by the public accounting firm of KPMG, the Nuclear Waste Fund holds $46 billion in payments by utilities and their ratepayers, plus interest, for a permanent waste disposal site for spent nuclear fuel and other nuclear waste.[14] The licensing process for Yucca Mountain as a permanent repository for spent nuclear fuel is on hold. Without storage sites, spent nuclear fuel remains temporarily stored at nuclear plants. In addition to permanent storage, low-level nuclear waste facilities are needed.

New Policies: NNSA

The U.S. nuclear arsenal needs to be updated and reinvigorated if we are to be able to deal effectively with threats from China, Russia, and other adversaries. As a semi-autonomous agency, the NNSA has the primary responsibility for researching and designing new nuclear warheads and for ensuring that the existing nuclear arsenal is still potent. These efforts require significant funding and scientific know-how. In addition, NNSA develops and designs nuclear propulsion reactors for the U.S. Navy. NNSA also plays a role in preventing nuclear proliferation. With strong leadership by the Secretary of DESAS, the next Administration should:

- **Fund the design, development, and deployment of new nuclear warheads, including the production of plutonium pits in quantity.**[15]

- **Expand the U.S. Navy and develop new nuclear naval reactors to ensure that the Navy has the nuclear propulsion it needs to secure America's strategic interests.**

- **End ineffective and counterproductive nonproliferation activities like those involving Iran and the United Nations.**

Budget

DOE's total FY 2023 budget request (which does not include IIJA, IRA, and CHIPS and Science Act funding) was for $48,183,451,000.[16] Many DOE activities are required by various authorization and appropriations bills. To implement many of the policies contained in these proposals, several laws will need to be amended, including the Department of Energy Organization Act, IIJA, IRA, and possibly portions of the CHIPS (Creating Healthy Incentives to Produce Semiconductors) and Science Act.[17] Ending taxpayer subsidies will promote an "all of the above" energy policy, lead to more energy resources, reduce costs, and save taxpayers billions of dollars.

OFFICE OF CYBERSECURITY, ENERGY SECURITY, AND EMERGENCY RESPONSE (CESER)

Mission/Overview

CESER's mission is to "enhance the security and resilience of U.S. critical energy infrastructure to all hazards," to "mitigate the impacts of disruptive events and risk to the sector overall through preparedness and innovation," and to "respond to and facilitate recovery from energy disruptions in collaboration with other Federal agencies, the private sector, and State, local, tribal, and territory governments."[18]

Needed Reforms

The threats to U.S. energy infrastructure are real and persistent, and CESER's role—working to support national security by working with the private sector to ensure energy security—is a proper one for government. Though CESER is properly focused on the threat to the grid from inverter-based resources like wind and solar, it needs to focus on the entire energy system, including the interdependence between natural gas and electric generation and cybersecurity. A good first step would be to reinstate an iteration of the Trump Administration's Executive Order 13920, "Securing the United States Bulk-Power System."[19] The Biden Administration also placed the Strategic Petroleum Reserves (SPR) and DOE's Federal Power Act 202(c) authority[20] under the CESER office, which should continue in the next Administration.

New Policies

CESER should be refocused to prioritize the cybersecurity, physical security, and resilience of critical infrastructure. Through research and development, technical assistance to states and industry, and emergency exercises, CESER can make a difference in our energy security posture.

Budget

CESER received $177 million for FY 2022 under the Energy and Water Development and Related Agencies Appropriations Bill, 2022,[21] and $550 million through the Infrastructure Investment and Jobs Act.[22] The FY 2023 budget request is for $202 million.[23] In addition, the White House has sent a letter to Congress requesting additional appropriations of $500 million to modernize the SPR.[24]

OFFICE OF ELECTRICITY (OE)

Mission/Overview

OE was created after the 2003 blackouts to improve grid reliability and energy assurance.[25] OE works to defend and promote the reliability and resiliency of the electric grid through power grid modeling and analytics, cyber resilience programs, and coordination with private-sector electricity providers. It also works to identify Defense Critical Electric Infrastructure.

Needed Reforms

- **Focus more intently on grid reliability.** There are significant cyber, physical, and reliability threats to the electric grid, and it is important that a government agency with access to national security information develops data and plans to address threats to the grid and assist the private sector in securing it. Although OE does not stand out as a problematic office, additional focus and priority could be given to its original mission of working on grid reliability and resilience. OE could be combined with CESER (as well as what is left of the Grid Deployment Office if it is eliminated).

- **Eliminate applied programs.** OE administers grant programs for things like energy storage and the testing of grid-enhancing technologies (GETs). These programs should be eliminated. The next Administration should work with Congress to eliminate all DOE applied energy programs including OE (except perhaps those related to basic science for new energy technology).

New Policies

- **Prioritize grid security.** OE (along with CESER if they are combined) should focus on the security of critical infrastructure equipment used in the bulk power system as envisioned in President Trump's May 2020 Executive Order 13920 and a related December 2020 Prohibition Order,[26] which was revoked in April 2021 by President Biden.[27] In addition, CESER/OE should:

    1. Focus on the interdependence of and threats to electric generation and natural gas pipelines.

    2. Continue to focus on Defense Critical Electric Infrastructure.

    3. Work with FERC and the North American Electric Reliability Corporation (NERC) to ensure that there is sufficient dispatchable on-demand generation available to generate the electricity the grid needs when intermittent generation like wind and solar is not available.

- **End funding of programs for commercial technology and deployment.** The next Administration should work with Congress to eliminate nonessential funding of commercial technology and deployment. These activities can be conducted by the private sector.

Budget

OE's FY 2021 enacted budget was $211,720,000, and DOE has requested $297,386,000 for FY 2023.[28]

OFFICE OF NUCLEAR ENERGY (NE)

Mission/Overview

The Office of Nuclear Energy's "mission is to advance nuclear energy science and technology to meet U.S. energy, environmental, and economic needs." It has five stated goals: "Enable continued operation of existing U.S. nuclear reactors," "Enable deployment of advanced nuclear reactors," "Develop advanced nuclear fuel cycles," "Maintain U.S. leadership in nuclear energy technology," and "Enable a high-performing organization."[29] Under the Nuclear Waste Policy Act,[30] the Office of Nuclear Energy "has also been responsible for the DOE's statutory requirements to collect and dispose of spent nuclear fuel...since the Obama Administration's dissolution of the Office of Civilian Radioactive Waste Management."[31]

Needed Reforms

NE is too influential in driving the business decisions of commercial nuclear energy firms. Instead of focusing on a limited set of basic research and development activities that solve foundational technical issues that apply broadly to energy production, NE intervenes in nearly all aspects of the commercial nuclear energy industry. Absent wholesale reforms that restructure the federal energy and science bureaucracy to eliminate such functional energy offices, the next Administration should:

- **Substantially limit NE's size and scope.**

- **Adopt broader regulatory and energy policy reforms that reduce regulatory obstacles, allow all energy sources to compete fairly in the marketplace, and establish a predictable policy environment.** This will avoid unfair bias against the nuclear industry.

New Policies

NE should transition to a more limited scope of responsibilities that focuses on basic research, solving broadly applicable technology challenges, and solving the nuclear waste management issue as it relates to the development and deployment of advanced next-generation reactors, which can include small modular reactors (SMR). While respecting existing contractual obligations, NE should not initiate any new civilian reactor demonstration and commercialization projects. NE also should:

- **Focus on overcoming technical barriers that are preventing commercial reactor demonstration projects from moving forward.** Any activities in support of existing nuclear plants and any other projects directed toward commercialization, including licensing support, should be shouldered by the private sector.

- **Reorganize its remaining activities into three basic lines of responsibility: nuclear fuels across the fuel cycle, reactor technology, and civilian radioactive waste.**

Budget

The above reforms would cost substantially less than the $1,675,060,000 requested for FY 2023.[32] Legislation such as the IIJA placed additional funding for new reactor demonstration projects outside of NE. These responsibilities and their associated funds should be moved to NE as appropriate. NE should not simply add or subtract programs, as some programs may help to support NE's new priorities. The better approach would be to build a new budget and program strategy that accounts for related DOE programs and submit a new budget request reflecting NE's new priorities.

OFFICE OF FOSSIL ENERGY AND CARBON MANAGEMENT (FECM)

Mission/Overview

DOE is authorized by law to increase the conversion efficiency of all forms of fossil energy, reduce costs, improve environmental performance, and increase the energy security of the United States.[33] In recent years, the Office of Fossil Energy (FE) has been transformed from its statutory role of improving fossil energy production to one that is focused primarily on reducing the carbon dioxide emissions from fossil fuel extraction, transport, and combustion. This change is reflected in the office's new name, the Office of Fossil Energy and Carbon Management (FECM), effective as of July 2021, and FECM's mission: "to minimize the environmental impacts of fossil fuels while working towards net-zero emissions."[34]

Needed Reforms

- **Eliminate carbon capture utilization and storage (CCUS) programs.** Despite the recent expansion of the 45Q tax credit for carbon capture utilization and storage (CCUS) to $87 per ton, most carbon capture technology remains economically unviable, although private-sector innovations are on the horizon. CCUS programs should be left to the private sector to develop.[35] If the office continues any CCUS research, that research should be focused more on innovative utilization.

- **Pursue the processing of critical minerals.** Development of domestic critical material sources is important for national security, as the vast majority of critical materials are mined or processed (or both) in Russia and China.[36] The processing of critical materials from fossil fuel waste products (primarily coal) has shown some potential and, in view of our vast domestic reserves of coal and abundant waste from coal mining and combustion, should be pursued.

New Policies

- **Eliminate FECM.** The next Administration should work with Congress to eliminate all of DOE's applied energy programs, including those in FECM (with the possible exception of those that are related to basic science for new energy technology). Taxpayer dollars should not be used to subsidize preferred businesses and energy resources, thereby distorting the market and undermining energy reliability.

- **Rename FECM (if it cannot be eliminated) under its original designation as the Office of Fossil Energy and with its original mission: increasing energy security and supply through fossil fuels.**

- **Focus on energy security and supply.** Absent elimination of FECM, Congress should direct FECM appropriations toward increasing energy security and supply. Congress has already directed these goals (including the reduction of costs).[37]

- **Ensure that LNG export approvals are reviewed and processed in a timely manner.** In particular:

    1. Ensure that LNG export applications are reviewed and approved expeditiously.

    2. Maintain the categorical exclusion from the National Environmental Policy Act (NEPA)[38] for LNG exports that was established by the Trump Administration[39] or (if it is revoked by the Biden Administration) reinstate it.

    3. Work with Congress to expand automatic approvals to include allies such as NATO as well as nations that have free trade agreements with the U.S.

- **Strategic Petroleum Reserve (SPR).** The Biden Administration moved responsibility for the SPR to CESER. Regardless of where the responsibility lies, the new DESAS should ensure that the SPR is maintained for national strategic purposes and not misused for political gain.

Budget

The FY 2023 budget request for FECM was approximately $893.2 million.[40] FECM's requested appropriation can be compared to the more than $4.0 billion requested for the Office of Energy Efficiency and Renewable Energy.[41] The disparity in funding demonstrates how DOE's research activities and substantial portions of its organizational structure are now focused entirely on the reduction of CO2 emissions rather than energy access or energy security.

OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY (EERE)

Mission/Overview

The Office of Energy Efficiency and Renewable Energy traces its roots to the Energy Policy and Conservation Act of 1975,[42] but most of its programs today are rooted in the Energy Policy Act of 2005.[43] Under the Biden Administration, EERE's mission is "to accelerate the research, development, demonstration, and deployment of technologies and solutions to equitably transition America to net-zero greenhouse gas (GHG) emissions economy-wide by no later than 2050" and "ensure [that] the clean energy economy benefits all Americans."[44] The office is made up of three "pillars": energy efficiency, renewable energy, and sustainable transportation.

Needed Reforms

- **End the focus on climate change and green subsidies.** Under the Biden Administration, EERE is a conduit for taxpayer dollars to fund progressive policies, including decarbonization of the economy and renewable resources. EERE has focused on reducing carbon dioxide emissions to the exclusion of other statutorily defined requirements such as energy security and cost. For example, EERE's five programmatic priorities during the Biden Administration are all focused on decarbonization of the electricity sector, the industrial sector, transportation, buildings, and the agricultural sector.[45]

- **Eliminate energy efficiency standards for appliances.** Pursuant to the Energy Policy and Conservation Act of 1975 as amended, the agency is required to set and periodically tighten energy and/or water efficiency standards for nearly all kinds of commercial and household appliances, including air conditioners, furnaces, water heaters, stoves, clothes washers and dryers, refrigerators, dishwashers, light bulbs, and showerheads. Current law and regulations reduce consumer choice, drive up costs for consumer appliances, and emphasize energy efficiency to the exclusion of other important factors such as cycle time and reparability.

New Policies

- **Eliminate EERE.** The next Administration should work with Congress to eliminate all of DOE's applied energy programs, including those in EERE (with the possible exception of those that are related to basic science for new energy technology). Taxpayer dollars should not be used to subsidize preferred businesses and energy resources, thereby distorting the market and undermining energy reliability.

- **Reduce EERE funding.** If EERE cannot be eliminated, then the Administration should engage with Congress and the House and Senate Appropriations Committees on EERE's budget. EERE's budget was around $1.5 billion a year when the advances were made that led to dramatic cost decreases in wind, solar, and battery technology. In recent years, Congress has appropriated many billions of dollars in excess of EERE's normal budget (DOE requested more than $4.0 billion for FY 2023).[46] It should rescind these excess monies so that DOE is not required to spend them. If funding cannot be reduced, then it should be reallocated to more fundamental research and less toward commercialization and deployment.

- **Focus on fundamental science and research.** If EERE cannot be eliminated, then the Administration should focus on broader and more fundamental energy research, consistent with law. The Biden Administration is too focused on deploying technologies instead of relying on the private sector. Moreover, under the Biden Administration, EERE is too focused on decarbonization and not at all on the cost of energy.

- **Eliminate energy efficiency standards for appliances.** The next Administration should work with Congress to modify or repeal the law mandating energy efficiency standards. Before (or in lieu of) repealing the law, there are steps the agency can take to refocus on the consumer by giving full force to the provisions already in the law that serve to limit regulatory overreach and protect against excessively stringent standards. For example, the Trump DOE prioritized the relatively few appliance regulations that were likely to save consumers the most energy and refrained from those whose modest benefits are unlikely to justify the costs. It also took steps to ensure that any new standards do not compromise product quality or eliminate any features. These and other consumer protections are in the statute but have often been ignored.

Budget

EERE was funded at slightly more than $2.8 billion in FY 2021, and DOE requested slightly more than $4.0 billion for FY 2023.[47] Congress needs to rescind the appropriated monies that EERE has not spent and begin fresh with new appropriations.

GRID DEPLOYMENT OFFICE (GDO)

Mission/Overview

The Grid Deployment Office was established to implement parts of the Infrastructure Investment and Jobs Act. Pursuant to the IIJA, GDO administers funds appropriated by Congress to support transmission expansion and low/zero carbon resources. In addition, GDO is developing studies of the electric grid to address congestion, enhance reliability and resilience, and promote "clean" energy.[48]

Needed Reforms

- **End grid planning and focus instead on reliability.** FERC and NERC have the primary responsibility for addressing reliability, states have the primary authority to site and permit transmission lines, and regional transmission organizations assist in planning regional transmission needs for parts of the country, but Congress granted some grid planning and siting authority to FERC and DOE through the Energy Policy Act of 2005 and IIJA, as well as grid funding through the Inflation Reduction Act. Instead of focusing on grid expansion for the benefit of renewable resources or supporting low/carbon generation, GDO should be incorporated into the reformed Office of Cybersecurity, Energy Security, and Emergency Response, which would work to enhance the grid's reliability and resilience. To the extent that they remain in effect, the funding programs that GDO oversees and administers should emphasize grid reliability, not renewables expansion.

- **Consider whether to defund the civil nuclear tax credit program and hydroelectric power efficiency and production incentives established in the IIJA and administered through GDO.** If subsidies for renewable resources are not repealed, it may be necessary to continue subsidies for nuclear and hydro to ensure grid reliability.

New Policies

- **Eliminate GDO and assign necessary activities to the reformed CESER.** It appears that GDO's current purpose is to promote the integration of low/zero carbon resources onto the grid by supporting subsidies for such resources and building new transmission facilities at a cost that poses a barrier to renewable generation expansion. However, some of the grants that it administers under the IIJA appear to be properly focused on enhancing the reliability and security of the electric grid. They should be reassigned to the reformed and expanded CESER.

- **End DOE/GDO's role in grid planning for the benefit of renewable developers.** Under the Energy Policy Act of 2005 and IIJA, DOE is to perform grid congestion studies and has authority to identify National Interest Electric Transmission Corridors (NIETC). Under the Biden Administration, GDO is working on a National Transmission Planning Study and is administering $2.5 billion to support "nationally significant transmission lines, increase resilience by connecting regions of the country, and improve access to cheaper clean energy sources."[49]

- **Defund most GDO programs.** GDO oversees nearly $20 billion in new appropriations created by the IIJA, including a grid modernization grant program, the transmission facilitation program, and the civil nuclear credit program, among others. Congress should rescind any money not already spent.

Budget

Congress appropriated $10 million for GDO in FY 2021, and DOE has requested $90.2 million for FY 2023.[50]

OFFICE OF CLEAN ENERGY DEMONSTRATION (OCED)

Mission/Overview

The OCED was established in December 2021 to implement the IIJA. Its mission is "[to] deliver clean energy demonstration projects at scale in partnership with the private sector to accelerate deployment, market adoption, and the equitable transition to a decarbonized energy system."[51]

Needed Reforms

- **End market distortions and stop shifting technology and development risks to taxpayers.** The OCED is distorting energy markets and shifting the risk of new technology deployment from the private sector to taxpayers. The IIJA provided more than $20 billion in government subsidies to help the private sector deploy and market clean energy and decarbonizing resources. Government should not be picking winners and losers and should not be subsidizing the private sector to bring resources to market.

New Policies

- **Eliminate OCED.** The next Administration should work with Congress to eliminate all DOE energy demonstration programs, including those in OCED. Taxpayer dollars should not be used to subsidize preferred businesses and energy resources, thereby distorting the market and undermining energy reliability.

- **Refocus on resources that will support reliability.** To the extent that the various energy research and development funding authorities cannot be repealed, funded projects should be consistent with the programmatic goals of the next Administration. For example, the already awarded Advanced Reactor Demonstration Program should help to move SMRs from pilot scale to commercialization and in the process address material, fuel, and regulatory issues that would pose deployment risk to utilities and Wall Street.

Budget

DOE's FY 2023 budget request includes $214 million "to initiate a new $150 million competition to support demonstrations that address integration issues of renewable energy into the U.S. transmission and distribution grids."[52] Overall, the "$21.5 billion provided by the Bipartisan Infrastructure Law"[53] supports several OCED programs:

- Advanced Reactor Demonstration Projects ($2.5 billion).

- Carbon Capture Large-Scale Pilot Projects ($937 million).

- Carbon Capture Demonstration Projects Program ($2.5 billion).

- Clean Energy Demonstration Program on Current and Former Mine Land ($500 million).

- Energy Improvements in Rural or Remote Areas ($1 billion).

- Industrial Demonstrations Program ($6.3 billion).

- Long Duration Energy Storage Demonstrations ($505 million).

- Regional Clean Energy Hubs ($8 billion).

- Regional Direct Air Capture Hubs ($3.5 billion).[54]

Personnel

By drawing resources from across the DOE, the OCED has already grown to 70 personnel in six months. If OCED is eliminated, those positions can be eliminated. If OCED is reduced, its personnel can be reduced to fit its scope.

LOAN PROGRAM OFFICE (LPO)

Mission/Overview

"LPO's mission is to finance next-generation U.S. energy infrastructure," serve "as a bridge to bankability for breakthrough projects and technologies," and "de-risk[] them at early stages of investment so they can be developed at commercial scale and achieve market acceptance."[55] The Biden Administration directed the program to subsidize the Administration's "net zero" energy transition away from conventional fuels by 2050 and to promote union jobs and domestic supply chains.[56]

The LPO coordinates with the U.S. Treasury Federal Financing Bank and is organized into seven divisions: Outreach and Business Development, Origination, Portfolio Management, Risk Management, Technical and Project Management, Legal, and Management and Operation. Its loan programs were originally designed as temporary programs but have since been amended and expanded. Specifically:

> The IRA expanded the authority in [LPO's] existing programs, **1703**, **ATVM**, and **Tribal Energy Finance**, by **$100B**. IRA also created the **Energy Infrastructure Reinvestment (EIR) Financing Program (1706)** which can support up to $250B in loan authority. The **CO2 Infrastructure Finance and Innovation Act (CIFIA)**—authorized by the [bipartisan infrastructure law], appropriates $2.1B to support ***approximately $25B in flexible, low-interest loans***. This new legislation will create jobs and wealth, address environmental justice and equity priorities and strengthen our energy security and supply chains.[57]

Needed Reforms

Taxpayers should not be backing risky business ventures or politically preferred commercial enterprises. To save tax dollars and reduce current risk, the new Administration:

- **Should not back any new loans or loan guarantees.**
- **Should seek to sunset DOE's loan authority through Congress and eventually eliminate the Loan Program Office.**

DOE-backed loans and loan guarantees put taxpayers at undue risk, distort private-sector investment decisions, shift private money toward projects with political support, and create additional barriers to entry for companies that are outside of the government's definition of "innovative" or for companies that choose not to participate.

New Policies

To the extent that DOE loan programs cannot be repealed, the new Administration should:

- **Strengthen due diligence and increase transparency in DOE loan programs.**
- **Limit the use of new loan or loan guarantee authority to projects that will promote the reliability and resilience of the electric grid and other energy infrastructure and support national security objectives.**
- **Establish clear mandatory qualifications requiring applicants to comply with the Uyghur Forced Labor Prevention Act58 and to certify that they are not financed with any other local, state, or federal taxpayer-backed loan, loan guarantee, or bond (such as a state "green bank").**

ADVANCED RESEARCH PROJECTS AGENCY–ENERGY (ARPA–E)

Mission/Overview

ARPA–E was created in 2007 as part of the America Competes (Creating Opportunities to Meaningfully Promote Excellence in Technology Education) Act.[59] Its statutory goals are "to enhance the economic and energy security of the United States through the development of energy technologies" that reduce "imports of energy from foreign sources;" reduce "energy-related emissions, including greenhouse gases;" improve "the energy efficiency of all economic sectors;" and "ensure that the United States maintains a technological lead in developing and deploying advanced energy technologies."[60]

Some in Congress see ARPA–E as beneficial because the COMPETES Act provides it with more bureaucratic flexibility than other federal programs are allowed. Its goals are essentially the same as those of DOE's applied energy offices, but its structure is different, and it is focused around individual programs instead of around offices with longer-term agendas.

Needed Reforms

- **Stop risking taxpayer dollars as venture capital for the private sector.** ARPA–E tends to see its mission as bringing technology from idea to commercialization. Often called the investment trough, ARPA–E is effectively funding projects that the private sector is unwilling to fund. Taxpayers should not in effect be picking winners and losers—and having their dollars at risk but not gaining the economic rewards of success.

- **End duplicative efforts.** Another problem is that ARPA–E's mission is similar to the missions of DOE's applied energy offices. If DOE's applied energy offices are doing their jobs correctly, they will use Funding Opportunities Announcements, prizes, lab calls, and other funding mechanisms that are needed to accomplish a specific goal. In other words, ARPA–E is at best duplicating the work done by other DOE offices.

New Policies

- **Eliminate ARPA-E.** The next Administration should work with Congress to eliminate ARPA–E. The agency is unnecessary, risks taxpayer dollars, and interferes with risk-benefit decisions that should be made by the private sector.

Budget

Congress appropriated $427 million for ARPA–E in FY 2021, and slightly more than $700 million has been requested for FY 2023.[61]

FEDERAL ENERGY MANAGEMENT PROGRAM (FEMP)

Mission/Overview

The Federal Energy Management Program (FEMP) describes its mission as working with "other federal agencies to meet energy-related goals, identify affordable solutions, facilitate public–private partnerships, and provide energy leadership to the country by identifying government best practices."[62] Congress has created a number of energy and energy efficiency requirements and guidelines for federal agencies,[63] and FEMP works with those agencies to help them meet their congressionally mandated goals.

Needed Reforms

As the world's largest single energy consumer, the federal government should use energy efficiently and cost-effectively—especially because the taxpayer is paying the energy bills. The Obama Administration required the federal government to set extrastatutory and aggressive goals regarding the use of renewable energy. The Trump Administration took a less aggressive approach in Executive Order 13834, which specified that "each agency shall prioritize actions that reduce waste, cut costs, enhance the resilience of Federal infrastructure and operations, and enable more effective accomplishment of its mission."[64]

New Policies

A conservative Administration should follow the language of Executive Order 13834 and direct federal agencies to "reduce waste, cut costs, enhance the resilience of Federal infrastructure and operations, and enable more effective accomplishment of its mission." For FEMP, this means focusing on helping federal agencies to follow the law and use energy efficiently and cost-effectively.

Budget

FEMP was funded at $40 million in FY 2022,[65] and slightly less than $170 million is requested for FY 2023.[66] If it is focused on helping the federal government to carry out its statutorily based energy goal, much less money is needed.

CLEAN ENERGY CORPS

Mission/Overview

Under the IIJA, "the Clean Energy Corps is charged with investing more than $62 billion to deliver a more equitable clean energy future for the American people[.]"[67] The Corps says that it will "focus on deploying next generation clean energy technology" to "help America meet its goals of a carbon-free power sector in 2035 and a decarbonized economy in 2050."[68]

Needed Reforms

The Clean Energy Corps is a taxpayer-funded program to create new government jobs for employees "who will work together to research, develop, demonstrate, and deploy solutions to climate change." DOE anticipates recruiting "an additional 1,000 employees using a special hiring authority included in the Bipartisan Infrastructure Law."[69] Taxpayers should not have to fund a cadre of federal employees to promote a partisan political agenda.

New Policies

Eliminate the Clean Energy Corps by revoking funding and eliminating all positions and personnel hired under the program.

Budget

Funding for Clean Energy Corps employees is not clearly defined in the FY 2023 DOE budget request.

ENERGY INFORMATION ADMINISTRATION (EIA)

Mission/Overview

The U.S. Energy Information Administration "collects, analyzes, and disseminates independent and impartial energy information to promote sound policymaking, efficient markets, and public understanding of energy and its interaction with the economy and the environment."[70]

Needed Reforms

EIA is not an inherently problematic agency and historically has provided independent and impartial analysis. Requests for EIA analyses can be made by the Administration or from Members of Congress or congressional committees. EIA needs to be committed to providing unbiased forecasting and data so that policymakers, industry, and the public can have a clear understanding of our energy resources and energy economy. Strong leadership will be needed to ensure that data and reporting are not misused to promote a politicized "energy transition."

New Policies

- **Clarify levelized cost of electricity.** "Levelized cost of electricity (LCOE) refers to the estimated revenue required to build and operate a generator over a specified cost recovery period."[71] It is used in the National Energy Modeling System (NEMS) to compare the cost of technologies to determine which technologies are expected to be constructed in the future. Although it is useful in comparing the costs of resources over time, LCOE can also mask the massive amounts of capital needed to deploy new generation. Moreover, in the case of intermittent resources such as wind and solar, LCOE does not include the cost for backup or firming power from dispatchable resources. EIA should ensure that its reporting provides an accurate assessment of generation costs. The cost of backup power for when wind and solar resources are not available should be included when comparing the technologies and reported as a separate component in the modeling documents.

- **Revise reserve margins.** EIA, in conjunction with FERC, NERC, regional transmission organizations (RTOs), and the electric industry, should change how electric grid reserve margins are defined and calculated. In the past, reserve margins have looked at the amount of nameplate capacity on the grid to serve peak load plus a reserve. With the increasing number of intermittent, nondispatchable resources like wind and solar, peak load and reserve margins need to be reevaluated. Reserve margins need to be timed to load changes throughout the day and consider the availability of dispatchable on-demand resources to meet load when renewables may not be available.

- **Update reports on the impacts of federal financial interventions and subsidies.** EIA's most recent report on federal financial interventions and subsidies was issued in April 2018.[72] This is an important analysis because it clearly shows the level of the federal government's intervention in each area of the energy system for a given fiscal year. In the past, EIA performed the analysis pursuant to a request from Congress or the Administration. This report should become a project that is performed annually or every other year as part of EIA's base program.

- **Ensure the objectivity of the *International Energy Outlook (IEO)*.** In the past, EIA published the *IEO* every year. It is now published every two years. *IEO* forecasts are important because the International Energy Agency's forecasts in its annual *World Energy Outlook* are becoming unrealistic and politically oriented to push Europe's climate goals. EIA forecasts should be based on current laws and regulations and should not be used to promote favored policies.

- **Assess the case for privatization.** There are some who think that EIA should be privatized. The cost savings to taxpayers should be considered. On the other hand, EIA has generally demonstrated neutral data presentation that is helpful to policymakers and the private sector.

Budget

Congress appropriated $126.8 million for EIA in FY 2021, and the FY 2023 budget request is for approximately $144.5 million.[73]

OFFICE OF INTERNATIONAL AFFAIRS (IA)

Mission/Overview

"The Office of International Affairs has primary responsibility for addressing international energy issues that have a direct impact on research, development, utilization, supply, and conservation of energy affecting the United States."[74] It "focuses on enhancing global energy security through countering malign influence, diversifying supplies, and increasing energy access" and "is committed to increasing U.S. energy exports and trade to enhance growth."[75]

Needed Reforms

- **Expand IA's role and focus its activities on U.S. international energy security interests.** International energy activities should be consolidated under IA (and the Department of State's Bureau of Energy Resources should be eliminated) to ensure a proper understanding of domestic energy policy and how it affects foreign policy, as well as the international energy landscape and how it affects U.S. national and economic security.

- **Develop a strategy for identifying and accessing resources and advancing U.S. economic interests.** America has recently become a net energy exporter, but it still imports large amounts of essential energy resources such as oil and natural gas as well as such materials as uranium (including yellowcake), lithium, certain rare earth minerals, and energy generation and transmission components and technology. The United States needs a clear understanding of its global energy and economic interests and a strategy for protecting them.

- **Oppose "climate reparations."** During the November 2022 United Nations climate conference in Egypt, the Biden Administration and other "developed" countries agreed to provide "climate reparations" to developing countries for the harm allegedly caused by the developed countries' use of fossil fuel.[76] A reparations slush fund administered by a non-U.S. organization provides no assurance that U.S. interests will be protected and should not be supported in any form.

New Policies

- **Identify U.S. energy security interests and promote American energy dominance.** To this end, IA should work closely with the DESAS Office of Policy on the National Energy Security Strategy.

- **Strengthen the new DESAS vis-à-vis the Department of State.** The State Department's Bureau of Energy Resources has generally excluded IA from serious discussions of international affairs to the detriment of DOE and broader interagency policy development. In addition, DOE embassy representatives are generally excluded from giving policy advice to senior diplomats and are used merely as sources of information instead of being active advocates for the Secretary's priorities. The Secretary of Energy is a senior member of the President's National Security Council and should function as such. The DOE's Deputy Secretaries, Under Secretaries, and Assistant Secretaries should be guaranteed representation at all Deputies and Policy Coordination Committee meetings. In addition, senior political and career staff should hold positions on the NSC staff equivalent to their counterparts at State, Defense, Treasury, and the Intelligence Community (IC). DESAS billets should replace State Department Bureau of Energy Resources billets at the relevant posts worldwide.

- **Stop "climate reparations."** The President should refuse to provide climate reparations under an unratified treaty, and IA should encourage other countries to reconsider their desire to provide reparations.

ARCTIC ENERGY OFFICE (AE)

Mission/Overview

AE was established during the Trump Administration to create a central office overseeing U.S. Arctic interests in Alaska and the other Arctic nations in response to the growing strategic sensitivity of this geographic region and the natural resources it contains. It "serves as the principal advisor to the Under Secretary on all domestic Arctic issues, including energy, science, and national security."[77]

Needed Reforms

In October 2022, the Biden Administration released its National Strategy for the Arctic Region.[78] Although recognizing national security threats in the Arctic, it also focuses heavily on climate change, sustainability, and international cooperation. The United States must establish a strategic plan to promote its national security, energy, and economic interests in the Arctic. An analysis and plan to support the responsible development of Alaska's energy assets should be a priority.

New Policies

- **Defend American interests in the Arctic Circle.** The next Administration needs to define American strategic and economic interests in the Arctic Circle. AE should help to identify those interests, as well as threats posed by countries like Russia and China, and develop appropriate policy options for the President's consideration.

- **Ensure that AE is clearly focused.** In particular, this means identifying U.S. energy interests in the Arctic Circle, identifying foreign government and commercial interests and activity in the region, and ensuring that the United States does not forgo important energy and national security interests in the Arctic.

- **Expand AE's operations in Alaska.** AE's operations in Alaska should be expanded to encompass broader national energy security interests in the region including rare earths, oil, and natural gas. AE should also be the lead for DOE Antarctic operations as a counter to growing Russian and Chinese interest in Antarctic resources.

Personnel

AE should provide a senior Arctic Energy official to the U.S. Arctic Council delegation in recognition of the key role that energy plays in Arctic development.

OFFICE OF INTELLIGENCE AND COUNTERINTELLIGENCE (IAC)

Mission/Overview

DOE's Office of Intelligence and Counterintelligence "is responsible for all intelligence and counterintelligence activities throughout the DOE complex, including nearly thirty intelligence and counterintelligence offices nationwide." It "leverage[s] the Energy Department's unmatched scientific and technological expertise in support of policymakers as well as national security missions in defense, homeland security, cyber security, intelligence, and energy security" and "is a member of the U.S. Intelligence Community."[79]

Needed Reforms

Robust security protocols are necessary to protect DOE technology and innovations from foreign penetration and espionage. In addition, DOE's general isolation from the rest of the Intelligence Community prevents appropriately cleared senior staff from getting the thorough issue briefings that their colleagues elsewhere in the national security realm receive.

New Policies

- **Improve accountability and utilization.** IAC should be led by a qualified appointee and report directly to the Secretary and Deputy Secretary. IAC will require strong political leadership, which means finding an appointee with an IC background. In addition, upgrading the new DESAS's general security posture would require the Secretary's direct intervention to improve protocols and access the necessary resources from the rest of the IC. This would not be achievable at a lower level.

OFFICE OF POLICY (OP)

Mission/Overview

OP has taken various roles over different Administrations. During the Obama Administration, OP was a large office and was tasked with drafting the Quadrennial Energy Review (QER). The Trump Administration shut down the QER and gave OP a leaner research and advisory role. Under the Biden DOE, OP appears to be focused on preparing reports on climate change and renewables.[80]

Needed Reforms

- **Help to develop policy.** Because the appointees running DOE's various program offices are properly focused on managing their programs, not enough thought is given to identifying future challenges and developing potential solutions to benefit the American people.

- **Help to ensure that policies are properly implemented.** Policy initiatives from the Secretary are often understood or implemented inconsistently by program offices. OP can help the Secretary to ensure that important policy initiatives are implemented, particularly when they involve multiple program offices.

New Policies

- **Develop a National Energy Security Strategy.** OP could be tasked with developing a National Energy Security Strategy for the Secretary. This strategy could be prepared in conjunction with the White House National Security Strategy and the DOD National Defense Strategy to convey these priorities to Congress and design policy initiatives for their implementation. Such a strategy could summarize cyber and physical threats to energy infrastructure, challenges involved in obtaining rare earth minerals to support domestic energy production and consumption, and foreign actions that threaten U.S. energy security and dominance. However, it would be important to guard against attempts to transform the strategy into a government-led industrial policy or, in a progressive Administration, an economy-wide climate policy.

OFFICE OF TECHNOLOGY TRANSITIONS (OTT)

Mission/Overview

The Secretary of Energy authorized the creation of this office in 2015. Its mission "is to expand the public impact of the department's research, development, demonstration, and deployment (RDD&D) portfolio to advance the economic, energy and national security interests of the nation." OTT serves as "the front door to U.S. Department of Energy's…products, facilities and expertise" and "integrates 'market pull' into its planning to ensure the greatest return on investment from DOE's RDD&D activities to the taxpayer."[81]

Needed Reforms

OTT should ensure that the best emerging technologies from DOE and the National Labs are properly supported and protected. Because America's technological edge is a key national security asset, and in view of China's predatory thefts of intellectual property, OTT should:

- **Ensure that R&D funds are used for projects that protect and advance that edge.**

- **Ensure that successful advances, with a focus on new natural resource development technologies, artificial intelligence, cybersecurity, and space, are transferred swiftly to American interests in the private sector.**

New Policies

- **Focus on benefits to Americans.** OTT's operations should be based on the recognition that the new technologies generated by American taxpayers' investment in DOE are a significant national security asset rather than some neutral scientific gift to humanity.

- **Increase oversight and coordination.** OTT needs to be vigilant in overseeing and coordinating OTT offices associated with each National Lab. For security and economic espionage reasons, the work funded by the American people needs to be protected, and when commercialized, it needs to go to American businesses.

OFFICE OF SCIENCE (SC)

Mission/Overview

The Office of Science (SC) supports and oversees research facilities and programs that cover basic science through its application to the demonstration and deployment of energy technologies. SC oversees 10 of the 17 DOE National Labs and 28 major federal research user facilities. Its mission is to preserve U.S. leadership in science, fund and perform basic research, and provide the scientific facilities that the private sector is unable or unwilling to provide. New initiatives include quantum information sciences and artificial intelligence. SC is led by a Senate-confirmed Director at the Assistant Secretary level and has eight program offices.[82]

Needed Reforms

The next conservative President should commit the United States to scientific dominance to support national and economic security, especially in light of similar efforts by China. To aid in this effort, the Office of Science should:

- **Return to its primary mission: nonpartisan and basic science.** SC's mission should be international leadership in basic and early applied science and provision of world-leading facilities for this work. The Infrastructure Investment and Jobs Act and Inflation Reduction Act mark the major reorientation of DOE primarily from defense applications in the NNSA and basic and early applied science across SC and the applied offices to a massive federal research, development, demonstration, and commercialization body.[83] Distraction from SC's basic science mission should be prevented.

- **Increase the level of accountability.** The National Laboratories need to be more directly accountable to the Secretary of Energy and Congress for their work and management.

New Policies

- **Commit to U.S. science dominance.** The United States is losing its dominance in scientific discoveries and technological development. China and other adversaries have been stealing American science and technology for years and are now on the verge of dominating science—a development that is fraught with negative strategic and economic implications for the United States. The next Administration must commit itself to ensuring that the U.S. continues to dominate scientific discovery and technological advancement.

- **Refocus on mission and eliminate duplication and waste.** The Administration should work with Congress to rationalize the National Lab network to meet specific national objectives (such as the NNSA laboratories' role in national defense) and conduct basic research that the private sector would not otherwise conduct. Activities that duplicate those of other government agencies or the private sector should be eliminated.

- **Properly manage the National Labs' contributions to the private sector.** SC should improve private-sector access to the National Labs, through programs like the GAIN voucher program and consistent with national security considerations, while ensuring that the economic benefits of taxpayer-funded technologies flow back to taxpayers through patent-review sharing or a revolving fund.

Budget

The Office of Science was appropriated slightly more than $7 billion in FY 2021, and DOE requested slightly less than $7.8 billion for FY 2023.[84]

OFFICE OF ENVIRONMENTAL MANAGEMENT (EM)

Mission/Overview

The Office of Environmental Management's mission is to "complete the safe cleanup of [the] environmental legacy resulting from decades of nuclear weapons development and government-sponsored nuclear energy research."[85] Its cleanup program is the world's largest, and EM reports that 92 (of 107) sites have been completed.[86]

According to the U.S. Government Accountability Office, "DOE is responsible for the largest share of the federal government's environmental liability—about 85 percent in fiscal year 2020."[87] Since 2011, EM has spent a cumulative total of $63.2 billion, and its liability has grown by $243 billion.[88] It is currently projected that cleanup will take another 70 years (FY 2022 to FY 2091).[89] Projected "Low Range" and "High Range" lifecycle costs total slightly less than $652.4 billion and slightly more than $887.2 billion, respectively.[90]

Needed Reforms

Some states (and contractors), see EM as a jobs program and have little interest in accelerating the cleanup. EM needs to move to an expeditious program with targets for cleanup of sites. The Hanford site in Washington State is a particular challenge. The Tri-Party Agreement (TPA) among DOE, the Environmental Protection Agency, and Washington State's Department of Ecology has hampered attempts to accelerate and innovate the cleanup. A central challenge at Hanford is the classification of radioactive waste. High-Level Waste (HLW) and Low-Level Waste (LLW) classifications drive the remediation and disposal process. Under President Trump, significant changes in waste classification from HLW to LLW enabled significant progress on remediation. Implementation needs to continue across the complex, particularly at Hanford.

New Policies

The next Administration should:

- **Accelerate the cleanup.** This means that a comprehensive cost projection and schedule reflecting the entire scope of the job should be developed and appropriate reforms should be instituted. To save taxpayers a potential $500 billion over the long run and reduce current risk, a 10-year program to complete all sites by 2035 (except Hanford with a target date of 2060) should be considered. Such a commitment will require increased funding for EM during those accelerated periods. To the extent that funding from the IIJA and IRA cannot be repealed, requests to divert those funds to EM's cleanup obligations should be considered.

- **Fully implement High-Level Waste determination.** Fully adopting the High-Level Waste (HLW) determination across the DOE complex, particularly at Hanford, would allow LLW to be grouted rather than vitrified.

- **Increase the use of commercial waste disposal.** Using commercial disposal would reduce capital costs (~ $2 billion) for new disposal sites to accelerate cleanup and reduce local post-cleanup environmental liability at multiple sites.

- **Revisit the Hanford cleanup's regulatory framework.** Hanford poses significant political and legal challenges with the State of Washington, and DOE will have to work with Congress to make progress in accelerating cleanup at that site. DOE and EPA need to work more closely to coordinate their responses to claims made under the TPA and work more aggressively for changes, including congressional action if necessary, to achieve workable cleanup goals.

- **Establish more direct leadership and accountability to the Deputy Secretary consistent with Government Accountability Office recommendations.**[91]

- **Change Environmental Management's culture to promote innovation and completion.**

Budget

Environmental Management received slightly less than $7.6 billion in FY 2021, and its budget request for FY 2023 is approximately $8.06 billion.[92] The additional funding necessary to accelerate closure of the program will need to be considered as part of a broader government-wide discussion about yearly appropriations.

OFFICE OF CIVILIAN RADIOACTIVE WASTE MANAGEMENT (OCRWM) (CURRENTLY OFFICE OF SPENT FUEL AND WASTE DISPOSITION)

Mission/Overview

The Nuclear Waste Policy Act (NWPA) of 1982 conferred the responsibility for commercial nuclear waste disposal on the federal government,[93] and in 2002, Congress designated a single repository located at Yucca Mountain in Nevada as the national repository site. The act also established the Office of Civilian Radioactive Waste Management (OCRWM).[94] The Obama Administration shut down OCRWM in 2010. The Office of Spent Fuel and Waste Disposition, which is headed by a non-confirmed Deputy Assistant Secretary in the Office of Nuclear Energy, is currently responsible for the management of nuclear waste, and interim disposal is taking place on various sites. Providing a plan for the proper disposal of civilian nuclear waste is essential to the promotion of nuclear power in the United States.

Needed Reforms

- **Work with the Nuclear Regulatory Commission as it reviews DOE's permit application for Yucca Mountain.** According to both the scientific community and global experience, deep geologic storage is critical to any plan for the proper disposal of more than 75 years of defense waste and 80,000 tons of commercial spent nuclear fuel.[95] Yucca Mountain remains a viable option for waste management, and DOE should recommit to working with the Nuclear Regulatory Commission as it reviews DOE's permit application for a repository. Finishing the review does not mean that Yucca Mountain will be completed and operational; it merely presents all the information for the State of Nevada, Congress, the nuclear industry, and the Administration to use as the basis for informed decisions.

- **Reform the licensing process.** The reactor licensing process is inadequate. Fixing nuclear waste management will require wholesale reform that realigns responsibilities, resets incentives, and introduces market forces without creating chaos within the current nuclear industry that has been built around the current system.

- **Produce concrete outcomes from consent-based siting.** Beginning in the Obama Administration and resurrected during the Biden Administration, consent-based siting for a civilian waste nuclear repository has been a way to delay any politically painful decisions about siting a permanent civilian nuclear waste facility. In 2022, DOE announced $16 million to support local communities in consent-based siting.[96] The next Administration should use the consent-based-siting process to identify and build temporary or permanent sites for a civilian waste nuclear repository (or repositories).

New Policies

- **Restart Yucca Mountain licensing.** DOE should restart the Yucca Mountain licensing process. Any continuation of interim storage facilities should be made part of an integrated waste management system that includes geologic storage. Further, building on the consent-based siting process already underway, DOE should find a second repository site.

- **Fix the policy and cost drivers that are preventing nuclear storage.** The federal government continues to hold $46 billion[97] in the Nuclear Waste Fund (NWF),[98] funded by utilities and their ratepayers for permanent disposal of nuclear waste. However, no such storage exists, and spent nuclear fuel remains on site at most nuclear plants. Meanwhile, Congress uses those funds to finance unrelated spending. Moreover, DOE's violation of its contractual obligation to take the waste has resulted in the payment of "approximately $10.1 billion in settlements and judgments to contract holders."[99]

- **Develop new NWF funding and accounting mechanisms that allow licensed nuclear operators to guarantee resources for future nuclear waste disposal while also maintaining control of those resources.**

- **Reconstitute OCRWM.** OCRWM, as already established by statute, should be tasked with developing the next steps on Yucca Mountain and nuclear waste management. These steps should include initiating market reforms, including significant amendments to the NWPA, to allow additional industry responsibility for managing waste, market pricing and competition for waste services, and the opportunity for Nevadans to have more partnership involvement with any nuclear facility at Yucca Mountain.

- **Reestablish, consistent with the Nuclear Waste Policy Act, the position of Director of the Office of Civilian Radioactive Waste Management.**

Budget

Within the Office of Nuclear Energy budget, approximately $100 million is set aside for fuel cycle and waste management activities.[100] These funds should be transferred to the newly established OCRWM, which should also be responsible for managing the Nuclear Waste Fund and given access to the fund as necessary to carry out its responsibilities.

NATIONAL NUCLEAR SECURITY ADMINISTRATION (NNSA)

Mission/Overview

NNSA's primary mission is to provide and maintain a modern, safe, and effective nuclear deterrent for the United States. This includes the design and production of nuclear warheads, their integration with delivery systems, and their safe storage and decommissioning. NNSA's responsibilities also include developing nuclear reactors for the U.S. Navy and "work[ing] to prevent nuclear weapon proliferation and reduce the threat of nuclear and radiological terrorism around the world."[101] NNSA was established by the NNSA Act, which also defines its authority.[102]

Needed Reforms

The United States, through the NNSA, needs to make the design, development, and deployment of new nuclear warheads a top priority. Existing warheads were designed and built during the Cold War, and the U.S. lacks sufficient plutonium production capabilities.[103] Because this process will take time, NNSA and the NNSA Labs need to ensure that existing nuclear warheads are viable and provide an appropriate strategic deterrent.

New Policies

The expansion of Chinese nuclear forces, the continued nuclear threat from Russia, and active nuclear programs in North Korea, Iran, and elsewhere require NNSA's recommitment to the nuclear mission. A conservative Administration should:

- **Continue to develop new warheads for each branch of the triad (land, sea, and air defenses).** If possible, reverse the Biden Administration's decision to retire the B83 bomb (in order to maintain two aircraft-delivered warheads) and its decision to cancel the submarine-launched cruise missile (SLCM).[104] Also undertake an evaluation of the need for nuclear antisubmarine and air defense weapons in light of emerging threats.

- **Maintain two production sites for plutonium pits (a key element of warhead production) at Los Alamos and Savannah River.**[105]

- **Reject ratification of the Comprehensive Test Ban Treaty and indicate a willingness to conduct nuclear tests in response to adversary nuclear developments if necessary.** This will require that NNSA be directed to move to immediate test readiness to give the Administration maximum flexibility in responding to adversary actions.

- **Review all new Navy, Department of Homeland Security, and U.S. Department of Transportation Maritime Administration construction programs.** The review should be conducted by the Director of Naval Reactors (DNR) with an eye to the possible inclusion of advanced affordable nuclear reactor technology and extension of DNR authority over these agencies' nuclear construction programs.

- **Review the non–national security portfolios at the Los Alamos, Lawrence Livermore, and Sandia labs and identify divestments to focus on nuclear deterrence.** Los Alamos, Lawrence Livermore, and Sandia provide unique capabilities for nuclear deterrence, and each lab maintains extensive non–national security research programs and commercial activities.

- **Review the operations of the Nuclear Weapons Council (NWC).** The statutorily established NWC is required to report to the President and Congress but needs to refocus its efforts on providing comprehensive oversight of DOE and DOD nuclear weapons policy and requirements.

Budget

Concurrent modernization of the nuclear triad and its warheads will be a major challenge to the DOD and DOE budgets over the coming decade. DOE non-nuclear programs should be the first source of additional resources for NNSA activities. Divestment of non-nuclear activities from NNSA laboratories can address some overhead and operational costs. NNSA received $19.7 billion in 2021, and its FY 2023 budget request was $21.4 billion.[106] The next Administration should ensure that funding is targeted to the accelerated development of new warheads.

Personnel

NNSA has tended to act as though it is not part of DOE and has resisted oversight by the Secretary of Energy. The NNSA Act grants some autonomy to the NNSA, but it also makes it clear that NNSA is under the authority of the Secretary. NNSA's leaders need to understand that ultimately, they report to the Secretary.

FERC: ELECTRIC RELIABILITY AND RESILIENCE

Mission/Overview

The Federal Power Act tasks FERC, along with the FERC-designated North American Electric Reliability Corporation (NERC), with promoting the reliability of the bulk power system (the transmission and generation needed to power the electric grid).[107] NERC develops technical standards, and FERC adopts them as mandatory standards (including cyber security standards) with which transmission providers, generators, and utilities must comply. Under the Federal Power Act, critical electric infrastructure security and issues like electromagnetic pulse (EMP) are addressed by both FERC and DOE.[108] In addition, the Infrastructure Investment and Jobs Act directed FERC to establish incentive-based rate treatments by encouraging utilities to invest in advanced cyber security technology and participate in cyber security threat information-sharing programs.

Needed Reforms

There is a growing problem with the electric grid's reliability because of the increasing growth of subsidized intermittent renewable generation (like wind and solar) and a lack of dispatchable generation (for example, power plants powered by natural gas, nuclear, and coal), especially during hot and cold weather.[109] FERC and NERC have been studying the potential for generation shortages across the nation in the summer[110] and winter.[111] Cyber and physical attacks also threaten the grid. Specific areas for reform include the following:

- **Limit the impact of subsidized renewables on price formation.** Subsidized renewable resources are undermining electric reliability in RTOs. The increase in subsidized, intermittent resources is undermining the ability of RTOs' pricing models to support the reliable dispatchable generation that is needed to serve the grid at all times.[112]

- **Reform the application of reserve margins.** Reserve margins have become largely meaningless. Traditionally, the electric industry has used "reserve margins" to ensure that the grid has enough power plants to guarantee reliability. Generally, reserve margins represent the amount of generation available (power plants) to meet peak electric demand (the time of day and year when people are using the most electricity) plus a percentage of additional generation for backup.[113] However, given the increasing number of intermittent resources (like solar, which may be available during the heat of the day but disappears as the sun sets), other dispatchable generation needs to be available to meet customers' electricity requirements. Therefore, the definitions and calculations of reserve margins and peak load need to be updated to focus on the modern grid's reliability challenges for all times of the day and year.

- **Recognize the interdependence of electric generation and natural gas.** The interdependence of electric generation and natural gas pipelines continues to grow. Given natural gas's important role in generating electricity, especially as backup when renewables are not available, lack of natural gas pipelines or attacks on existing pipelines could threaten our ability to generate electricity.

- **Expand resource diversity and reliability.** Resource diversity is needed to support grid reliability. Pressure to use 100 percent renewables or non–carbon emitting resources threatens the electric grid's reliability. A grid that has access to dispatchable resources such as coal, nuclear, and natural gas for generating power is inherently more reliable and resilient.

- **Protect against cyber and physical attacks.** The threat of cyber and physical attacks on electric infrastructure by foreign actors like China, Russia, North Korea, and Iran, as well as terrorists, continues to grow. The attacks with guns on substations in North Carolina in December 2022 that left customers without power demonstrate the grid's vulnerability.[114]

New Policies

- **Reform RTOs to require reliability.** FERC should direct RTOs to establish reliability pricing for eligible dispatchable generation resources or require intermittent resources to procure backup power for times when they are not available to operate. In addition, Congress should repeal subsidies for generation resources.

- **Update the definition and calculation of reserve margins to support reliability.** FERC, NERC, and DOE should revise the definition of reserve margins to ensure the grid's reliability throughout the day and the year. This will mean recognizing that reserve margins may need to consider "net peak" and exclude non-dispatchable resources from inclusion in reserve margin calculations.

- **Expand and protect natural gas infrastructure in support of electric generation.** FERC needs to ensure that its consideration of natural gas pipeline applications recognizes the role that natural gas plays in electric reliability. FERC also needs to make sure that RTO pricing mechanisms support generators that need to contract for natural gas service on a firm basis.

- **Support resource diversity and reliability.** FERC, NERC, and DOE play key roles in balancing consumer, industrial, and national defense interests to ensure an ongoing reliable, plentiful, and accessible national electricity supply. NERC reliability reviews and FERC's reliability roles should be aware that overreliance on any one power generation fuel source entails concurrent cost and availability risk. FERC should reform market rules that unduly discriminate against dispatchable resources needed for reliability.

- **Strengthen security against cyber and physical threats.** FERC and NERC need to enhance the security of the bulk power system by, for example, banning Chinese-made components, investing in transformers, and hardening substations and other critical infrastructure. DOE should play a leading role in identifying and addressing threats to the grid.

FERC: RTOS/ISOS AND "ELECTRIC POWER MARKETS"

Mission/Overview

For more than 20 years, FERC has issued regulations and directed policies for the creation and operation of regional transmission organizations (RTOs) and independent system operators (ISOs) to manage the dispatch of generation and transmission of electricity.[115] Under the misnomer "electric power markets," these regulatory constructs use marginal price clearing auctions (in some cases both hourly day-ahead auctions and five-minute day-of-need auctions) and locational marginal pricing to procure electric generation and set prices to meet the needs of the grid. Some RTOs also have capacity auctions. Of the nation's seven RTOs, six are subject to FERC jurisdiction (but not ERCOT in Texas). Areas without an RTO include the Southeast and portions of the West (although California is in an RTO).

Needed Reforms

Too many conservatives have assumed that because RTOs are described as "electric power markets," market forces of supply and demand set electric prices and benefit customers. RTOs are complex regulatory constructs (with rules set by FERC) that obscure government interference and preferences for preferred resources. Furthermore, government preferences and subsidies for resources like wind and solar distort price formation for electricity that is undermining the reliability of the grid. Finally, customers are not seeing the full economic benefits that non-fuel, subsidized resources should provide. Additionally:

- **Electric reliability is threatened in many RTOs.** As subsidized renewables (like wind and solar receiving tax credits) and state renewable portfolio standards (RPS) programs have disrupted market functions, price distortions have driven out reliable, dispatchable resources like coal, natural gas, and nuclear generation in various RTOs. The result: Electric reliability is decreasing in many parts of the country.[116] As noted, FERC and NERC have been studying the potential for summer and winter shortages.[117]

- **RTOs are not providing the full economic benefits of renewables to customers.** Because RTOs use marginal price auctions where natural gas usually sets the clearing price paid to all generators, the economic benefits of renewables (no fuel, tax credits, etc.) are flowing mainly to renewables investors and not to customers (although customers do benefit from some decrease in marginal costs). Yet reliability is decreasing, so customers are getting the worst of both worlds, paying more for electricity and having less reliability for the money.

- **Big Green and Big Tech want RTO expansion.** Renewable developers, large industrial users, and Big Tech tend to want RTO expansion for their own economic and ESG reasons. These entities can benefit economically from the complexity and marginal pricing regime of the RTOs. Increased costs and reliability problems are often shifted to other customers.

- **Unlike vertically integrated utilities that are accountable to state elected officials and state public utility commissions, RTOs and their participants are accountable only to FERC.** Even then, however, accountability is indirect through the tariffs (rules) that the RTOs adopt and FERC approves. In addition, unlike utilities, generators in an RTO have no obligation to serve customers.

New Policies

FERC must make reliability of the grid and service to end use top priorities. To do so, it should:

- **Reexamine the premise of RTOs.** RTOs no longer seem to work for the benefit of the American people. Marginal price auctions for energy are not ensuring the reliability of the grid and are not passing the full economic benefits of subsidized renewables on to customers. FERC needs to reexamine the RTOs under its jurisdiction to make sure that they procure reliable and affordable electricity for the benefit of the American people.

- **Ensure that RTOs return to market fundamentals so that they serve customers, not special interests and political causes.** FERC should require RTOs to ensure that reliable, dispatchable resources are properly valued to provide electricity when needed for the benefit of customers. Potential reforms could include:

    1. Requiring renewable generators to provide intra-day backup by dispatchable on-demand generation so that bids by intermittent resources into RTOs equate fairly with far more valuable on-demand dispatchable resources;

    2. Creating dual energy markets for dispatchable and nondispatchable resources; or

    3. Eliminating capacity markets where intermittent resources participate and instead establishing "reliability" markets where dispatchable on-demand resources participate.

    Alternatives to marginal price auctions also should be considered.

- **Direct the RTOs to ensure that the economic benefits of renewables (like tax credits and no fuel costs) are passed on to customers.**

- **End undue discrimination that allows subsidized resources to distort price formation in RTOs.**

- **Affirm its commitment that states will decide whether to join an RTO instead of imposing RTOs on regions that do not want them.** FERC should also consider allowing states to enter into non-RTO power pools with alternative structures for the sharing of resources and electric generation.

FERC: ELECTRIC TRANSMISSION

Mission/Overview

Under the Federal Power Act, FERC has the authority to regulate the rates, terms, and conditions of interstate electric transmission. (Pursuant to court cases, interstate transmission can be entirely within a state, although the part of Texas served by ERCOT is not under FERC transmission jurisdiction.)

Needed Reforms

FERC has been considering how to plan for and allocate costs for new transmission lines and how new generation resources will be interconnected to the transmission grid. (Transmission expansion and replacement decisions are usually made by local utilities or by an RTO or regional planning entity). Through two major rulemakings,[118] FERC is attempting to facilitate the building of more long-range transmission lines and to socialize more of the costs of transmission buildouts to more customers in order to make it cheaper for renewable developers (primarily) to interconnect to the grid and sell their power. Socializing such costs is a form of subsidy for generators and will cause further price distortions in RTOs and ISOs that will make it less economical for reliable, dispatchable resources like coal, nuclear, and natural gas to stay operational and support reliability.[119]

Also, under the Infrastructure Investment and Jobs Act, DOE and FERC are granted authority to site and permit high-priority transmission lines as National Interest Electric Transmission Corridors (NIETCs). The Inflation Reduction Act provides funding to DOE to support transmission expansion.[120] These initiatives will undermine state input and decision-making. FERC will consider rules on how NIETC transmission applications are to be made.

New Policies

FERC should either change course on its existing transmission rulemakings (if still in progress) or issue a new rulemaking to:

- **Ensure that transmission planning and interconnection processes are resource neutral.**
- **Prevent socializing costs for customers who do not benefit from the projects or justifying such cost shifts as advancing vague "societal benefits" such as climate change.**
- **Stop cost allocation from becoming a subsidy for generators, such as renewables.**

With respect to NIETCs, FERC and the new DESAS should ensure that state interests are respected and not allow such NEITC transmission lines to be developed as a mere subsidy to renewable developers. Furthermore, much of the transmission buildout (including its attendant costs) is being driven by renewable developers seeking market share. These projects are causing rates for customers to go up and hurting reliability. FERC needs to ensure that transmission buildouts are planned for the benefit of customers.

FERC: NATURAL GAS PIPELINES

Mission/Overview

FERC permits, sites, and authorizes the construction and operation of interstate natural gas pipelines.[121] It also regulates the rates for the shipping of natural gas[122] (but not the price of the natural gas commodity, which is market based). FERC is charged with ensuring that natural gas pipelines are approved if they are required by the "public convenience and necessity."[123] Pipeline permitting is subject to environmental reviews under NEPA, and the rate for the pipeline and the shipping of the commodity is set by FERC under a just and reasonable standard. Once FERC approves a project, the holder of the certificate has the sovereign's power of eminent domain.

Needed Reforms

Natural gas pipelines are vital for the economy, manufacturing, heating, and electric generation. Opposition from "Keep it in the ground" environmentalists has made it harder to gain approvals for natural gas pipelines. Under Democrat leadership, FERC has proposed official policies to consider upstream and downstream GHG emissions from the use of the natural gas that would be shipped in the pipeline to be part of FERC's public-interest determination when deciding whether to approve a pipeline. There is conflicting direction from the D.C. Circuit on the GHG issue, which also could be seen as a "major questions" issue under the U.S. Supreme Court's *West Virginia v. EPA* decision.[124]

New Policies

FERC should:

- **Recommit itself to the NGA's purpose of providing the American people with access to affordable and reliable natural gas.**

- **Limit its NGA decision-making on natural gas pipeline certificates to the question of whether there is a need for the natural gas.**

- **Limit its NEPA analysis to the impacts of the actual pipeline itself, not indirect upstream and downstream effects.**

In addition, Congress, the states, and FERC should consider how better to protect and compensate property owners whose property is taken for the benefit of the public. FERC also needs to be mindful that natural gas pipelines and projects are important for domestic access to natural gas, including local natural gas utilities, natural gas–fired electric generation, and manufacturing, as well as for exports of liquefied natural gas.

FERC: LNG EXPORT FACILITIES

Mission/Overview

FERC permits, sites, and authorizes the construction and operation of LNG export facilities.[125] It does not authorize the export of natural gas; DOE exercises that authority. LNG export facilities are important for delivering natural gas to markets around the world and have become an important policy tool in limiting the ability of Russia and Middle Eastern countries to use energy as a tool in foreign affairs.

Needed Reforms

LNG exports are opposed by climate activists. In addition, some domestic manufacturers argue that LNG exports decrease available U.S. supplies of natural gas and increase the domestic price, thereby harming the competitive advantages of U.S. manufacturers in world markets.

Currently, most LNG export facilities are along the Gulf of Mexico in Texas and Louisiana.[126] Attempts to build facilities on the west coast (Jordan Cove LNG[127]) and the east coast have not moved forward for a variety of reasons; delays and costs of litigation can cause developers to cancel projects. An Alaska facility was approved by FERC in 2020, and the Biden Administration has indicated its support.[128] An east coast facility in Pennsylvania (or nearby) would unlock Marcellus shale natural gas for export.

FERC is considering policy statements that would consider GHG emissions as part of its NEPA review and its NGA determination as to whether approval of an LNG export facility is consistent with the public interest.

New Policies

Since Congress through the NGA has already determined that LNG exports to countries with free trade agreements are in the public interest,[129] and because LNG exports help to ensure America's ability to support our friends and allies around the world while also supporting domestic natural gas production, FERC:

- **Should not use environmental issues like climate change as a reason to stop LNG projects.**

- **Should ensure that the natural gas pipelines that are needed deliver more of the product to market, both for domestic use and export, and are reviewed, developed and constructed in a timely manner.**

NUCLEAR REGULATORY COMMISSION

Mission/Overview

The Energy Reorganization Act of 1974[130] created the Nuclear Regulatory Commission (NRC). Before then, the commercial nuclear industry was regulated by the Atomic Energy Commission (AEC), which was established by the 1954 Atomic Energy Act.[131] Importantly, the AEC was responsible for encouraging and regulating commercial nuclear power. Broad criticism of this dual function was a major factor in the establishment of the NRC, which held regulatory authority while the newly established Department of Energy held the advocacy function. Today, the NRC is responsible for a broad range of regulatory activities, including reactor safety, oversight of nuclear materials, and protection against radiation as well as permitting new reactors, certifying new reactor designs, and regulating nuclear waste management activities.

Needed Reforms

In 1989, the NRC established alternative licensing processes that were meant to provide a more predictable and efficient regulatory pathway for new Light Water Reactors (LWRs) by combining construction and operating nuclear power plant licenses, allowing for Early Site Permits, and establishing a framework for pre-approval of reactor designs. More recently, the Nuclear Energy Innovation and Modernization Act directed the NRC to establish a technology-neutral licensing process for new, advanced reactor technologies.[132] Despite these efforts, the NRC remains a significant cost and regulatory barrier to new nuclear power. Especially frustrating is that these costs to a large extent are due to the agencies being overly prescriptive rather than outcomes-focused and fall on well-known and understood LWR reactor technologies.

New Policies

While refocusing its regulatory efforts on new reactor technologies, the NRC should also continue to ensure the security of radiological sources and mitigate cybersecurity risks across the industry. Applications for Combined Operating Licenses (COLs) and design certifications that rely on light-water technology should generally be completed within two years. Early Site Permits should generally be issued within one year for construction on or adjacent to an existing reactor site. Additionally, the NRC should:

- **Expedite the review and approval of license extensions of existing reactors, which will require the NRC to streamline and focus its NEPA review process.**

- **Set clear radiation exposure and protection standards by eliminating ALARA ("as low as reasonably achievable") as a regulatory principle and setting clear standards according to radiological risk and dose rather than arbitrary objectives.**

- **Work with Congress to reform its funding approach so that licensee fees are generally required for activities that are specific to a regulated entity, with other agency costs being provided through normal appropriations.**

Budget

In FY 2022, the NRC was required to recover approximately 85 percent of its $887.7 million budget through licensee fees.[133] The Nuclear Energy Innovation and Modernization Act requires the NRC to recover nearly all of its costs through fees. These reforms would likely not cost additional money but could rebalance the fee-versus-appropriations calculation.

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HERITAGE IMPACT

Trump Administration Embraces Heritage Foundation Policy Recommendations

Jan 23, 2018

President Donald J. Trump at The Heritage Foundation's 2017 President's Club Meeting.

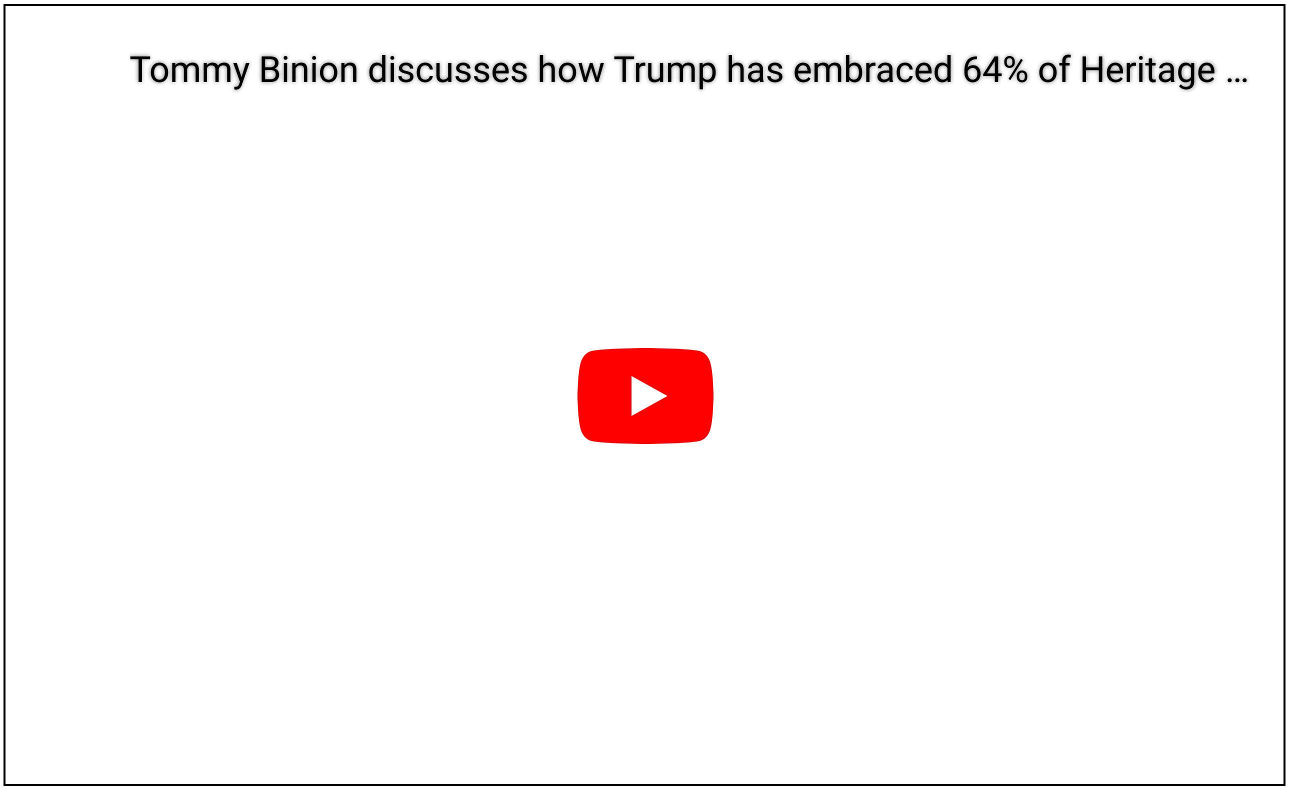
Willis Bretz

One year after taking office, President Donald Trump and his administration have embraced nearly two-thirds of the policy recommendations from The Heritage Foundation's "Mandate for Leadership."

The "Mandate for Leadership" series includes five individual publications, totaling approximately 334 unique policy recommendations. Analysis completed by Heritage determined that 64 percent of the policy prescriptions were included in Trump's budget, implemented through regulatory guidance, or under consideration for action in accordance with The Heritage Foundation's original proposals.

>>> View the list of all 334 policy recommendations and their status at the one-year mark

"President Trump had an extraordinarily successful first year," says Thomas Binion, director of congressional and executive branch relations at The Heritage Foundation. "He put a conservative on the Supreme Court and he enacted historic pro-growth tax reform. This analysis demonstrates the lesser-known policy success that his administration has been fighting hard to enact."



Heritage Foundation research analysts began developing the policy recommendations in 2016 during the presidential campaign with the following principles in mind: free enterprise, limited government, individual freedom, traditional American values, and a strong national defense.

With approximately 70 former Heritage employees working for the Trump transition team or as part of the administration, the policy recommendations have served as guidelines for reducing the size and scope of the federal government through specific and detailed actions.

The first "Mandate for Leadership" was released in January 1981, containing policy proposals of reform that would make government more efficient and effective. President Ronald Reagan distributed Heritage's book at his first Cabinet meeting.

“As President Reagan did in the 1980s,” Binion said, “President Trump has embraced the comprehensive recommendations made in the ‘Mandate for Leadership.’ These achievements have led to economic growth, a stronger national defense, and a restoration of the rule of law.”

Over the past several months, Heritage’s executive branch relations staff reviewed the 334 policy recommendations and met with senior administration officials in the several agencies. Heritage analysts briefed administration officials on the recommendations, provided additional insight and information, and advocated for reform.

Examples of some of the most notable policy recommendations and their adoption or implementation by the Trump administration include:

- Leaving the Paris Climate Accord: In August 2017, Trump announced the U.S. was ending its funding and membership in the Paris Agreement on Climate Change.
- Repealing Net Neutrality: In December 2017, Trump’s Federal Communications Commission chairman proposed ending the 2015 network neutrality rules.
- Reshaping National Monuments: Heritage’s recommendation to prohibit Land Acquisition (Cap and Reduce the Size of the Federal Estate) was adopted by Trump when he issued two executive orders effectively shrinking the size of national monuments in Utah.
- Reinstating the Mexico City Policy: This executive order prevents taxpayer money from funding international groups involved in abortion and ending funding to the United Nations Population fund. On Jan. 23, 2017, in his first pro-life action, Trump signed an executive order today reinstating the Mexico City Policy.
- Increasing Military Spending: Trump’s budget calls for a $54 billion increase in military spending to improve capacity, capability, and readiness of America’s armed forces.

- Reforming Temporary Assistance for Needy Families Program (TANF): The Trump administration adopted and is in favor of strengthening existing work requirements in order to receive benefits.
- Allowing Development of Natural Resources: The Trump administration opened off-shore drilling and on federal lands. Executive Order 13783 directed Interior Secretary Ryan Zinke to commence federal land coal leasing activities.
- Reforming Government Agencies: Trump tasked each of his Cabinet secretaries to prepare detailed plans on how they propose to reduce the scope and size of their respective departments while streamlining services and ensuring each department runs more efficiently and handles tax dollars appropriately.
- Withdrawing from UNESCO: In October 2017, Trump announced he was putting an end to U.S. membership in the United Nations Education, Scientific and Cultural Organization (UNESCO).

The "Mandate for Leadership" series includes these five publications:

- Blueprint for Reform: A Comprehensive Policy Agenda for a New Administration in 2017
- Blueprint for a New Administration: Priorities for the President
- Blueprint for Reorganization: An Analysis of Federal Departments and Agencies
- Blueprint for Reorganization: Pathways to Reform and Cross-Cutting Issues
- Blueprint for Balance: A Federal Budget for Fiscal Year 2018

BUSINESS

Are greedy companies to blame for grocery inflation? We looked at the data

SEPTEMBER 9, 2024 · 5:01 AM ET

Alina Selyukh

A woman shops in a supermarket in New York on Jan. 27.

Charly Triballeau/AFP via Getty Images

Are greedy corporations to blame for inflation?

Ariane Navarro thinks so. She recently pulled up her budgeting spreadsheets from 2021 and was shocked by how much her family's grocery bill has skyrocketed.

She's not imagining it: From February 2020 to this July, grocery prices grew a cumulative 25.6%. That's higher than overall inflation, which was 21.6% during that same period.

"We have no other choice — we have to buy groceries," says Navarro, who lives in Houston. "That's a basic need. And so [companies] use that to kind of take advantage and keep raising prices."

It's a widespread sentiment — and a popular political refrain ahead of the presidential election, as Vice President Harris pledges to crack down on "price gouging" on Day 1.

It doesn't help that corporate executives have spent recent years touting their pricing power on calls with investors, like when the CEO of Cottonelle-maker Kimberly-Clark, Mike Hsu, said last year: "If the price goes up on bath tissue, generally doesn't mean you're going to use the bathroom less." Many makers and sellers of home and pantry staples have reported record profits.

But just how much is this driving supermarket inflation? Data tells a messier story.

Costs have jumped for grocers and food manufacturers

There's no dispute that food sellers and manufacturers have passed costs on to consumers; they typically do, to varying degrees. And their costs increased substantially from the start of the coronavirus pandemic.

A checkout clerk works behind a plexiglass divider at the ShopRite supermarket in Uniondale, N.Y., at the start of the coronavirus pandemic.
Al Bello/Getty Images

First came the crush of shoppers stockpiling groceries to prepare for lockdowns, right as operations slowed at meatpacking plants and transportation companies. Shipping bills skyrocketed. Workers fell ill; firms shelled out money for acrylic shields at cash registers and for other anti-coronavirus measures. Prices surged for commodities, such as wood pulp for diapers.

Later, Russia's invasion of Ukraine disrupted global food supplies, particularly grains, vegetable oil and fertilizer. Avian flu, floods and droughts led to spikes in the prices for eggs, oranges and chocolate.

Through it all, an exodus of workers from lower-paying jobs led companies to push up wages that had been stuck for decades.

Researchers at two Federal Reserve Banks — those based in Kansas City and New York — say this is a key driver of higher grocery prices. Pay for workers in food manufacturing and retail rose a bit faster than pay for workers in many other occupations. A report from the Federal Reserve Bank of Kansas City noted that processed food, which requires more labor, accounted for the vast majority of price hikes.

Looking at companies' sales and expenses

Still, most shoppers wonder how far companies reach past costs to boost profits. This is where it gets technical fast, leading to nuanced takes by economists.

One specific allegation of pricing overreach came to light in an ongoing court hearing that disclosed an email by a Kroger executive. In March, he wrote that the supermarket chain's milk and egg prices were "significantly higher" than was necessary to account for inflation. Kroger later said the email was "cherry-picked" from "a specific period" that didn't reflect its pricing approach.

A shopper loads his truck at a Kroger grocery store in Houston on Sept. 9, 2022.
Brandon Bell/Getty Images

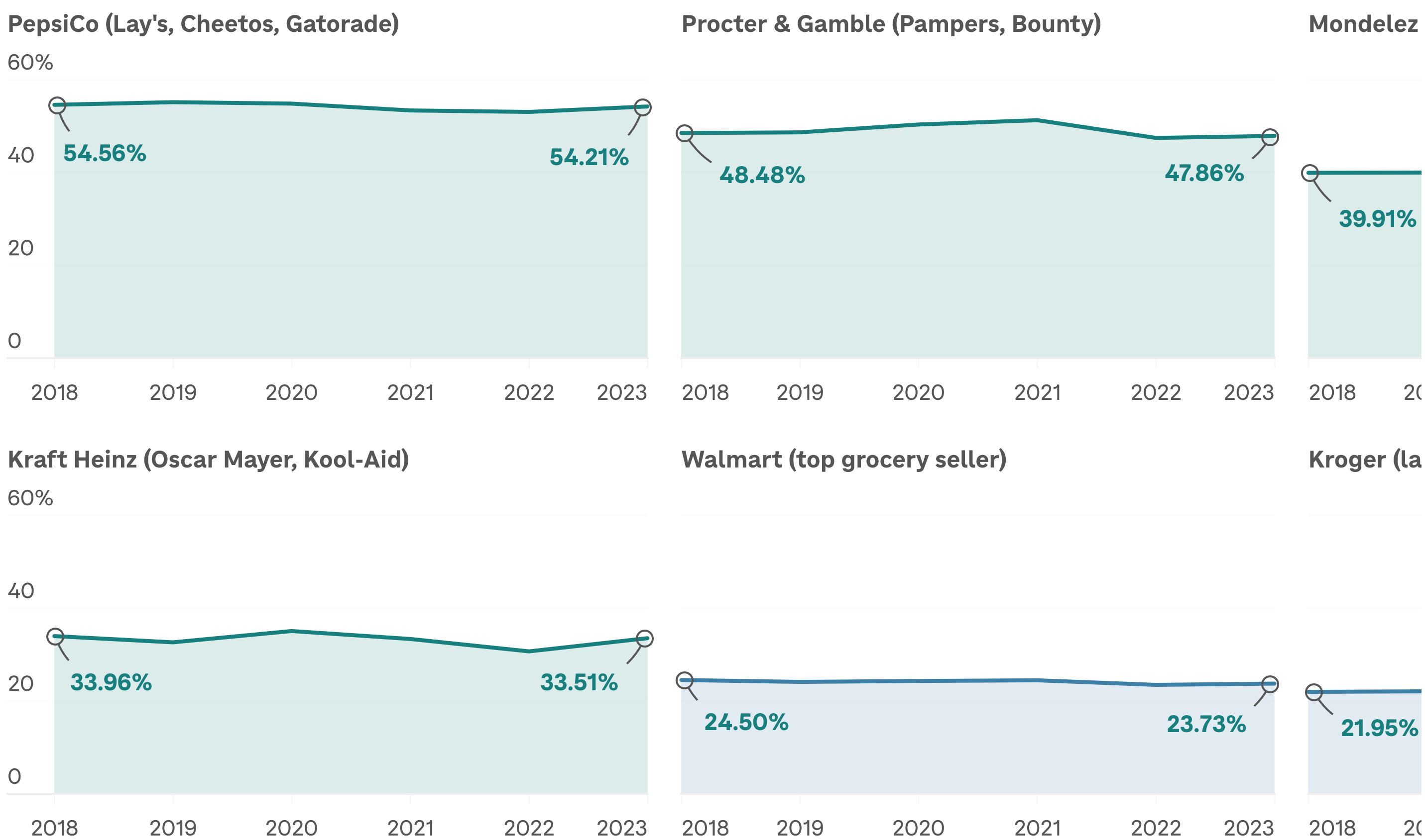
NPR crunched financial disclosures by a dozen of the largest grocery-item makers and sellers, including Walmart, Pepsi, Oreo-maker Mondelez and Procter & Gamble, which makes Pampers and Bounty.

The idea was to track changes not in the sheer dollar amount, which rides the waves of our shopping sprees, but in the percentage of money that stays in corporate coffers after a sale. Economists and accountants use different metrics for this. The gross profit margin is one of them — the portion that companies keep after paying just the direct costs to make or stock their goods.

Companies' financial disclosures cover global operations, meaning lots of variety in costs and prices. But for almost all companies that NPR analyzed, between 2018 and 2023 the margins either declined or grew less than 1%.

Gross profit margins of big-name stores and brands stayed mostly steady

This is the portion of money earned from sales that remained in company coffers after paying direct costs to make or acquire goods, but before most corporate expenses such as marketing, utility bills or new-product development.



Source: NPR analysis of companies' annual financial disclosures

This company data doesn't offer a satisfying explanation for why families like Navarro's are finding their grocery budgets stretched by pricier meat and snacks.

So most economists look more broadly at U.S. retailers and food manufacturers for clues about the industry overall.

The matter of grocery markups

Several government data sources offer similar takeaways. Take the Census Bureau's report on corporations, which tracks total sales and most operating costs. At food manufacturers, it shows profit margins climbing and falling dramatically during the pandemic before settling near pre-pandemic levels at the start of this year.

BUSINESS

This boss vowed to help his workers with child care. It hasn't been easy

Supermarkets, liquor stores and convenience stores are much less profitable businesses overall. Their profit margins climbed more gradually in recent years but got sticky at the top, meaning companies kept a slightly bigger share of the money from sales as time went on, and they've been slower to give up those gains.

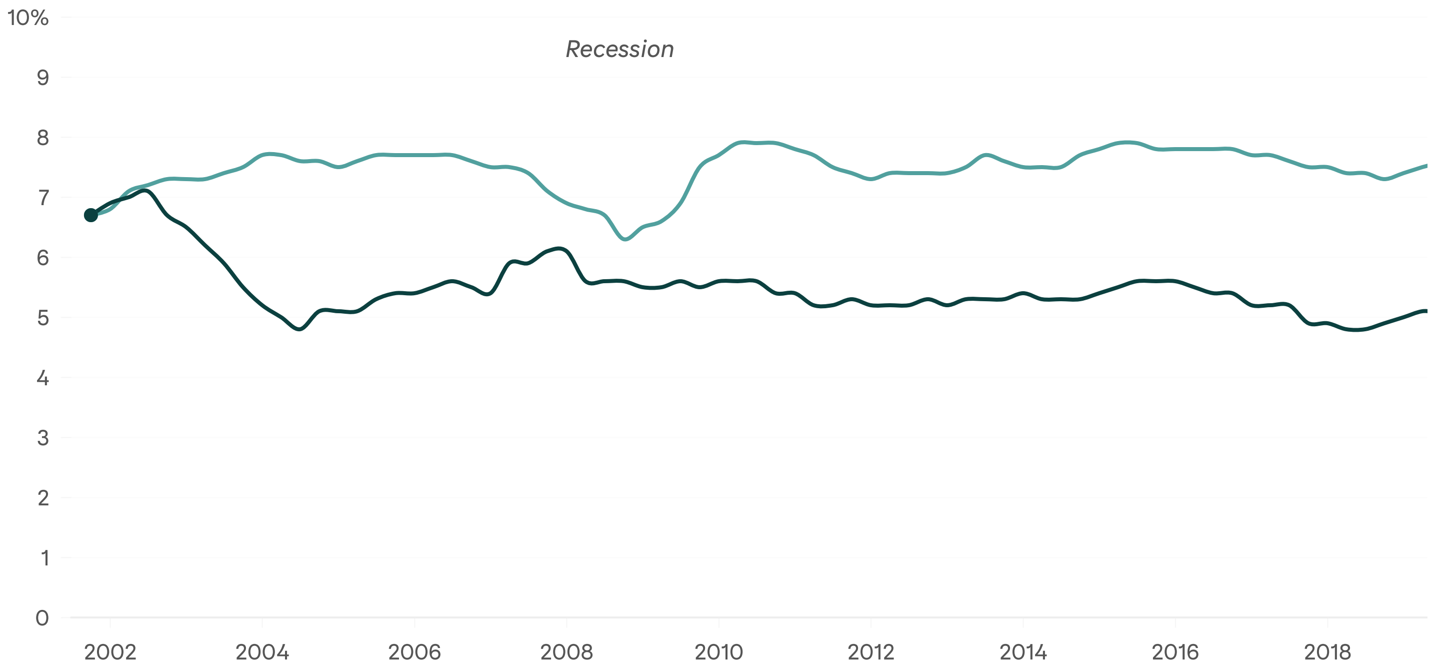
Yet that's not quite the smoking gun to explain grocery inflation, according to New York Federal Reserve researcher Thomas Klitgaard.

"Even though profit margins for grocery stores have gone up," he wrote in a July report, "the increase appears to be only a small contributor to the rise in food prices relative to the increase in their operating costs."

Economist Ernie Tedeschi has sliced this data another way to draw a contrast between grocers and other types of retailers. Until March, Tedeschi was the chief economist at the White House Council of Economic Advisers. He wanted to track how much grocers' income has outpaced increases in their costs — what he calls a markup above costs.

Markups at grocery stores were slower to grow, slower to decline

In early 2024, grocery retailers' income outpaced costs by 6.8% versus 7.5% at other types of retailers. That gap has narrowed in recent years. This can indicate higher markups on grocery prices, though reasons might include sales of more profitable items such as store-brand goods.



Notes

Grocery retail includes supermarkets, convenience stores and liquor stores. The chart reflects the four-quarter moving average for data that's not seasonally adjusted.

Source: NPR analysis of U.S. Census Bureau data on corporate financial reports; Ernie Tedeschi/The Budget Lab at Yale

"Grocery was different" from the rest of retail, Tedeschi said. "Grocery didn't pop as quickly in the depths of the pandemic, but it rose sort of like a slow burn and it stayed tenaciously higher."

What does this actually mean about inflation?

The Biden administration has been eager to blame corporate greed. But even a report that the White House put out this year acknowledged that store markups don't fully explain food inflation.

"It's very difficult to tease out what's going on," said Tedeschi, who's now at the Budget Lab at Yale University. "It's not — I want to emphasize — dispositive proof that there is anything anti-competitive going on. That is one explanation, but there are lots of other explanations."

One of them could be shoppers buying more private-label groceries, he said. These store-brand products are usually cheaper than brand-name ones but are much more profitable for the retailer. Data firm Circana found U.S. shoppers spent 6% more on private-label items in 2023 than in 2019.

Then there's the fact that people have been spending big on groceries, even as they shop less at other stores. And that's on top of an unprecedented surge in spending in recent years — first as people received pandemic relief checks and then as wages grew in many jobs.

"If supply is fixed and the buyers suddenly have more money, then prices are going to rise — and that's kind of what happened," said Ian Shepherdson, chief economist at Pantheon Macroeconomics. "There genuinely was an increase in costs, but then there was this extra margin on top. So the question is, how on earth did [retailers] manage to get away with that? That to me is the big issue."

Only this year did brands including Pepsi and Nestlé begin noting pushback from shoppers. Walmart and Target have started promoting discounts and lower prices. The cost of ingredients and shipping has eased; wage growth has cooled. And so, many grocery prices have been declining, including those for cereal, cheese and fruit.

Economists and accountants differ on how to measure markups, but most agree that they have begun eroding. Navarro and many other shoppers hope this means prices stop rising, at least for a while.

NPR's Scott Horsley contributed to this report.

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The State of America's Wallet

How the cards, cash, debts and assets we carry stack up

By Joe Pinsker Follow *, Elizaveta Galkina* Follow *and Imani Moise* Follow

Sept. 7, 2024 9:00 pm ET

If you want to know how Americans are doing, look in their wallets.

They have more money in the bank than they did in 2019, even after adjusting for inflation, and just slightly less credit-card debt relative to income. But they generally don't feel better off financially than they did five years ago, before the turmoil of the pandemic, inflation and rising interest rates.

Heavier wallets have lightened the mood, though. We are getting more optimistic about the economy, according to the University of Michigan's Surveys of Consumers. It doesn't hurt that average 401(k) balances rose to about $127,000 in the second quarter of this year, from about $104,000 two years earlier, according to Fidelity.

Zooming in on the American wallet is a useful way to understand this moment of unease about the economy, and to think about how our own finances stack up, economists say. The mental anchor point many use to measure themselves against is 2019, because it was prepandemic and preinflation surge.

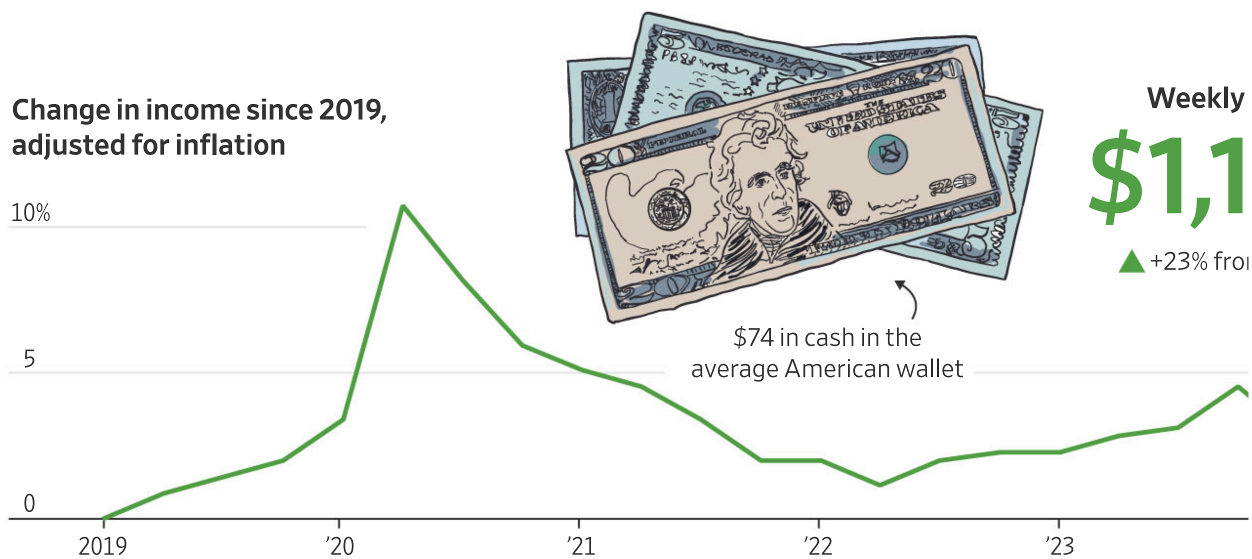
"It's basically the most extreme comparison we could come up with, but also the most convenient one," said Joanne Hsu, an economist at the University of Michigan who oversees its consumer sentiment survey.

A peek at what Americans have and owe reveals reasons for both optimism and angst.

Money

Americans make more money than they did at the end of 2019, even after adjusting for unusually high inflation since then.

Our emotions are harder to adjust for inflation. The pain of higher prices brought on whiplash or even nostalgia for the recent past.



Note: Weekly pay figure is median and nominal, from 2Q 2024 and 4Q 2019. Chart data is median weekly income.
Sources: Federal Reserve; Labor Department

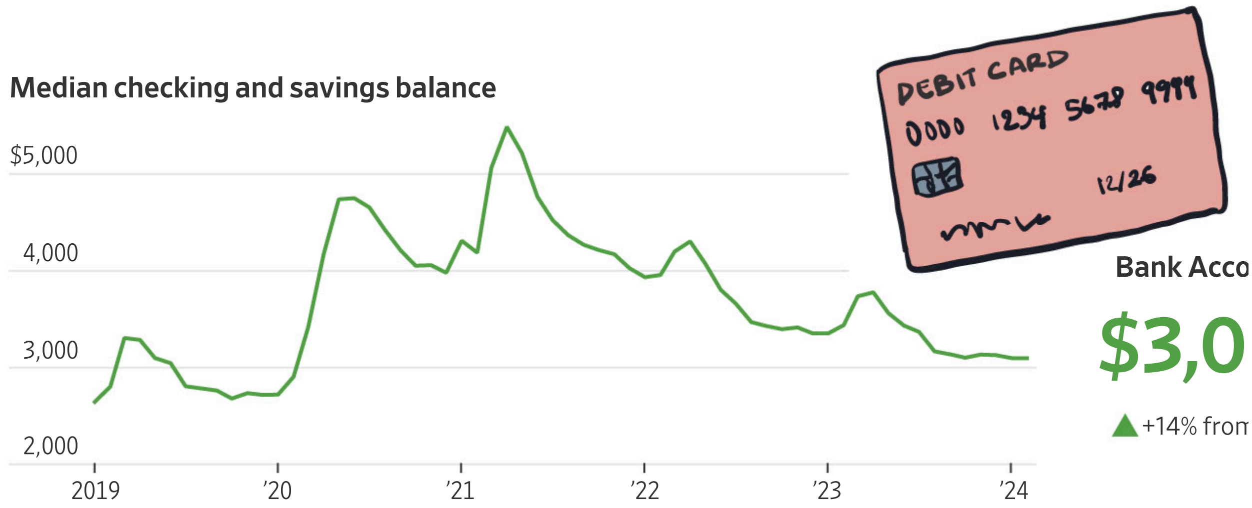
This wage data is adjusted for inflation using the consumer-price index. It shows that real median earnings were about 3.5% higher in the second quarter of 2024 than they were at the beginning of 2019.

From 2020 to 2022, year-over-year pay growth was highest for the bottom 25% of earners, according to the Atlanta Fed.

Debit card

Americans carried an average of $74 in cash in their wallets and purses in 2023, up from $60 in 2019, according to the Fed.

They also have more cash in the bank. Savings swelled in 2020 and 2021 because of Covid restrictions and government-stimulus payments. That cushion has largely been spent. "There is not money burning a hole in people's pocket right now," said Wendy Edelberg, an economist at the Brookings Institution.



Note: Bank accounts figure is median, from Feb. 2024 and Dec. 2019. All data in Feb. 2024 dollars.
Source: JPMorganChase Institute

Account balances fell from pandemic highs faster for lower earners. In February, the median balance for the bottom quarter of earners was $1,160, versus $8,143 for the top 25%, per JPMorganChase Institute.

Americans' saving rate was down to 2.9% in July 2024, less than half what it was in late 2019, according to government data.

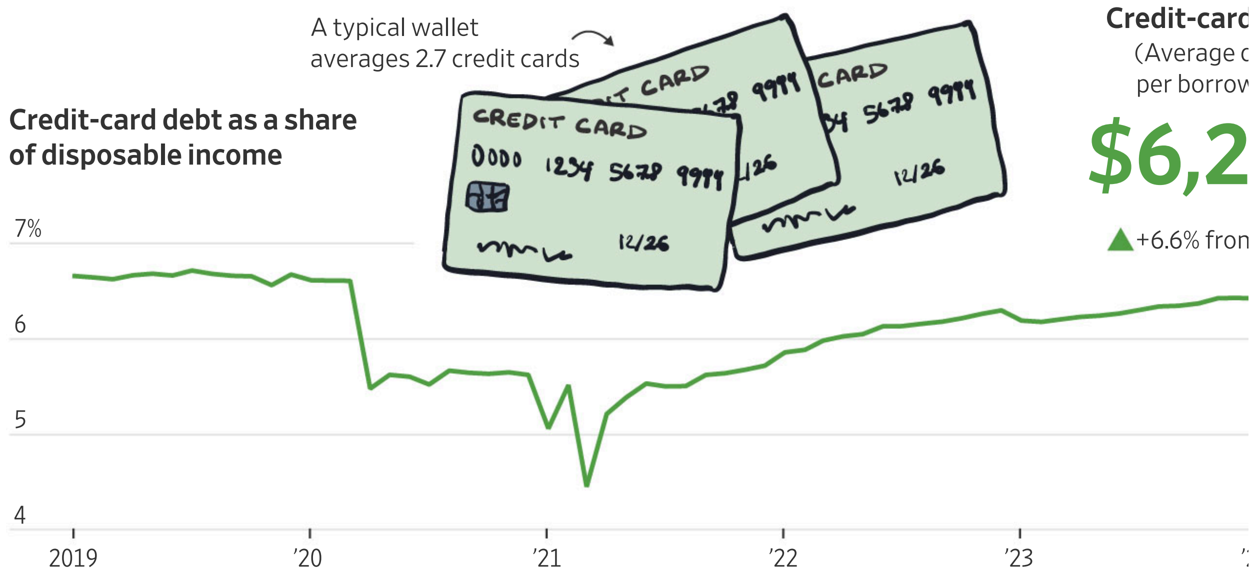
This reflects the confidence people have as a result of higher home prices, stock prices and income from bonds, said Torsten Slok, the chief economist at Apollo Global Management.

Credit cards

Americans have racked up more credit-card debt in the past few years, after paying down balances during the early part of the pandemic.

The average credit-card debt for those who carry a balance rose to $6,218 in the first quarter of this year, up from $5,834 at the end of 2019, according to TransUnion data. Card debt as a share of income is now just about even with what it was at the end of 2019, but higher interest rates—which have climbed to 23% from 17%—make it more expensive to carry the debt.

Slightly more than half of credit-card users now carry a balance from month to month, according to industry-research firm J.D. Power. Until last year, those who paid in full made up the slim majority. The median balance per card was $347 in the first quarter of this year.



Note: Debt figure is from 1Q 2024 and 4Q 2019. Number of cards is for credit scores between 721-780. Chart includ revolving debt.
Sources: Philadelphia Fed; TransUnion; Federal Reserve/BEA/Apollo Global Management (chart)

Americans opened new credit cards at an unprecedented pace in the years following the pandemic, said Charlie Wise, head of global research at TransUnion. Most of the new cards went to first-time borrowers and those with less than pristine credit, he said.

There were about 590 million active cards in circulation in the first quarter of this year, 40 million more than in 2019. These new accounts helped drive total credit-card balances to an all-time high of $1.14 trillion in the second quarter of this year.

"More cards means more balances, and higher delinquencies," Wise said.

Driver's license

The price of a car and the cost of borrowing money to buy one have shot up since 2019. The average annual percentage rate on a loan for a new car was 7.1% in August, up from 5.4% at the end of 2019, according to Edmunds, an online car-shopping guide.

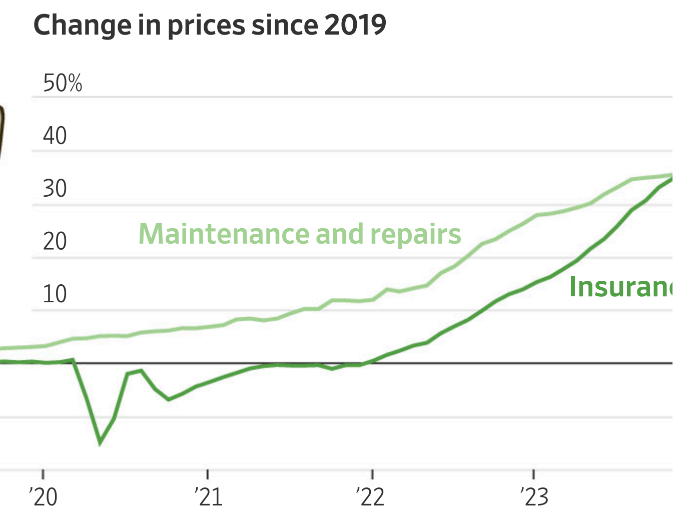
The costs of car ownership have similarly accelerated. Insuring and, God forbid, repairing a vehicle have become significantly more expensive lately. The price of gas is down from a spike in 2022, though still about 20% higher than at the end of 2019, based on Labor Department data.

Average annual auto-insurance premium is $1,715

Car payment

$737

▲+28% from 2019



Note: Car payment is average for new cars purchased in Aug. 2024 and Dec. 2019.
Sources: Edmunds; AAA; Labor Department (chart)

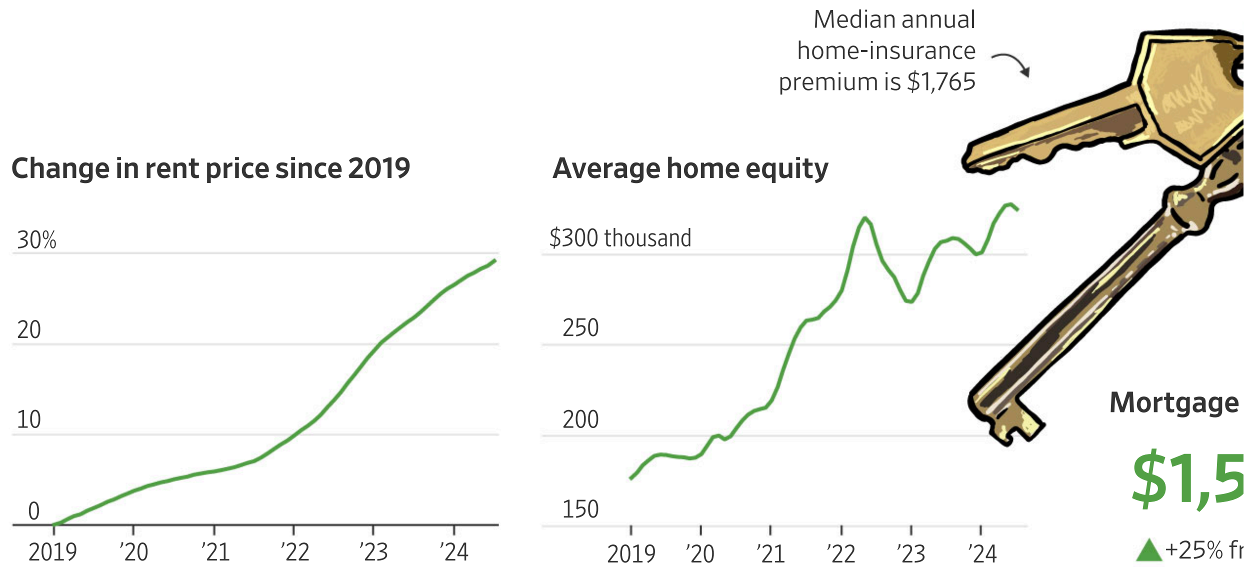
Rising costs have inspired many drivers to get more years of life out of their cars. Partly as a result, America's vehicles are getting older. Their average age stands at 12.6 years, up from 11.8 in 2019, according to S&P Global Mobility.

House keys

Housing is the biggest expense for most people, and for those who own a home, one of their most valuable assets. The past five years played out a lot differently depending on whether you had a landlord or a mortgage.

Homeowners got richer. A surge in prices raised the net worth of both longtime homeowners and millennials who lucked into great timing.

Rising rents, meanwhile, strained the budgets of tenants.



Note: Median mortgage payment is from 1Q 2024 and 4Q 2019. Home equity is among mortgage holders.
Sources: National Mortgage Database; Verisk; Labor Department (Rent chart); Intercontinental Exchange (Equity

Though the median mortgage payment is $1,520, rising prices and interest rates have made buying a home far less affordable. The monthly payment on a purchase of a median-priced home in July with an average mortgage rate was $3,010, according to real-estate firm Redfin. In December 2019, it was $1,566.

The other costs of homeownership have also jumped, particularly the price of insurance. The median annual home-insurance premium was $1,765 in the first quarter, up from $1,164 in 2019, according to Verisk, an analytics firm.

But some relief might be coming to the housing market, as mortgage rates could drop as the Fed appears poised to cut interest rates. That could eventually give some homeowners a chance to refinance—and many renters a shot at buying a home.

—Veronica Dagher contributed to this article.

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https://www.wsj.com/economy/consumers/american-dream-poll-us-economy-e5ddf640

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The American Dream Feels Out of Reach for Most

By Rachel Wolfe Follow | *Photographs by Jackie Molloy for WSJ*

Aug. 28, 2024 5:30 am ET

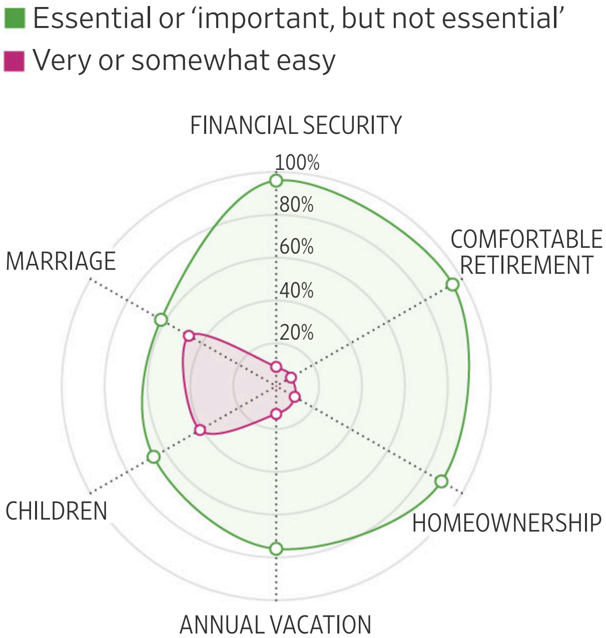
Americans overwhelmingly desire all the traditional trappings of the American dream—owning a home, having a family, and looking forward to a comfortable retirement. But very few believe they can easily achieve it.

A July Wall Street Journal/NORC poll of 1,502 U.S. adults shows a stark gap between people's wishes and their expectations. The trend was consistent across gender and party lines, but held more true for younger generations, who have been priced out of homeownership and saddled with high interest rates and student debt.

While 89% of respondents said owning a home is either essential or important to their vision of the future, only 10% said homeownership is easy or somewhat easy to achieve. Financial security and a comfortable retirement were similarly labeled as essential or important by 96% and 95% of people, respectively, but rated as easy or somewhat easy to pull off by only 9% and 8%.

Twelve years ago, when researchers at Public Religion Research Institute asked 2,501 people if the American dream "still holds true," more than half

When it comes to achieving your own vision of the American dream, how important is each of the following? And in the U.S. today, how easy is it to achieve each one?



Source: Wall Street Journal/NORC survey of 1,502 adults, conducted June 26–July 8, 2024; margin of error +/- 3.3 pct. pts.
Ming Li/WSJ

said it did. When The Wall Street Journal asked the same question in July, that dropped to about a third of respondents.

By many measures, economists say, people are right to feel that their shot at success has diminished.

"Key aspects of the American dream seem out of reach in a way that they were not in past generations," says Emerson Sprick, an economist at Washington, D.C., think tank the Bipartisan Policy Center.

Sprick points to the continued decline of private-sector pensions—leading to their near-disappearance—and the surge in the cost of homeownership as two of the biggest economic changes over the past decade.

Marquell Washington remembers that his elementary-school teachers instilled in him that high grades and a college degree would be his ticket out of the Chicago neighborhood where he grew up "hearing gunshots every day."

The promise, the now 22-year-old says, was that "you'd get a good job and enjoy the rest of your life in a house with a front gate." He was the first person in his family to go to college, but dropped out during his junior year after three of his close friends were killed within months of one another.

He now makes around $30,000 a year working part-time for youth development nonprofit My Block, My Hood, My City. He says he can’t afford to move out of his mother’s Section 8 apartment where he grew up, let alone to resolve the $10,000 debt he needs to transfer his transcripts to a school closer to home. He hasn’t given up on his American dream, he says, but he’s finding it much less straightforward than he thought.

“They don’t tell you how hard it is to obtain the American dream,” says Washington. “You have to learn that on your own.”

Economic mobility has declined in recent decades on the whole, economists say.

Diane Thompson looking at coupons she collects to help save money on groceries and household items at the home she shares with her two daughters, son-in-law and grandchildren.

While around 90% of children born in 1940 were ultimately better off than their parents, according to research by Massachusetts Institute of Technology economics professor Nathaniel Hendren and Harvard University economist Raj Chetty, only around half of those born in the 1980s were able to say the same. Younger cohorts appear to be in a similar position based on median income growth, Hendren says, but likely experienced a slight post-Covid-19 boost as wages for lower-income Americans have outpaced other earners.

"It's still a coin flip whether or not you'll earn more than your parents, but mobility probably hit a record low in the early 2020s," Hendren says.

Chetty looks at the American dream through the lens of how difficult it is for someone starting in a poor family to reach the middle class. For white Americans in particular, that goal has become significantly more challenging over the past 15 years, he says.

"People are right to feel that the American dream has become harder to achieve both in terms of their chances of doing better than their parents and their chances of rising out of poverty," Chetty says.

A home of one's own

Richard Thomas and Cherish Celetti were sure they had pulled off their own version of the American dream when they bought a five-bedroom split-level in Mount Vernon, N.Y., for $612,000 in 2017.

"It was like everything was going in the right direction," says Celetti, a 42-year-old lawyer who grew up poor among nine siblings.

Richard Thomas has had to contend with rising costs that could make it hard for him to hold on to his home.

Buying her first house not only meant the couple's children, now 8 and 11, could have their own bedrooms—a luxury both Thomas and Celetti used to pine for—but also that they had space to take in Celetti's mom, Diane Thompson, and 20-year-old sister.

The couple's $5,400 mortgage, including $689 in private mortgage insurance, was tight but doable, between Celetti's salary and her husband's as mayor of the town at the time. But seemingly overnight, their energy costs doubled to more than $2,000 a month, and grocery prices, insurance and other bills for the family of now six surged.

Thomas was forced to resign as mayor and ordered to pay a fine after pleading guilty in July 2019 to stealing $12,900 from his campaign. He says he only took the plea deal because he couldn't afford to fight the charge. He now works in public relations.

Both Thomas and Celetti lowered their retirement contributions to near zero, scrapped plans for vacations and started setting the thermostat above 80 degrees in the summer and below 65 in the winter. They know selling the house—which has more than doubled in value—would be their best bet, but don't know where they would go if they left.

"We want to stay in our community. We want to raise our kids here, but the dream of being able to do that really escapes us," says Thomas. "We had the American dream. Now it's the American nightmare because it feels like the country made us a promise and then took it away."

Richard Thomas chats with mother-in-law Diane Thompson and son Harrison as they have dinner together at home.

Many are struggling to achieve their goals of homeownership at all. Owning a home was a record 47% more expensive than renting for the 12 months ending in June, according to research by commercial real-estate services firm CBRE. That is even after rents have skyrocketed—though the firm forecasts improvement over the next year.

Lily Roark's father bought the eight-bedroom New Orleans fixer-upper she grew up in for $160,000 in the early 2000s. When she went to look for houses in Louisville, Ky., with partner Jessica Holland this past spring, she was sure $250,000 would be a big enough budget for a starter with one or two bedrooms.

Instead, "we were looking at houses that had no walls and no floors," says Holland, a 28-year-old second grade teacher.

Since Roark and Holland still want to give priority to saving for a house, the couple feels as though they can't move forward with any of their other life goals—getting engaged, having a wedding and planning for children.

They are both frustrated that homeownership and family formation seemed so much more attainable for their parents, who made less than their combined

Jessica Holland and Lily Roark feel priced out of a starter home where they live. PHOTO: CARSON HART

income of around $100,000 at their ages.

“We’re doing everything right, we’re saving, we went to good schools, I have a master’s degree, and it’s still so hard,” Holland says.

The marriage question

In Des Plaines, Ill., 31-year-old Kevin Murphy believes that even finding a partner is more difficult than it used to be because of how expensive dating has become. He can’t always afford to pick up the check, and worries that he is less desirable than someone who makes more than his $95,000 yearly income or owns a home.

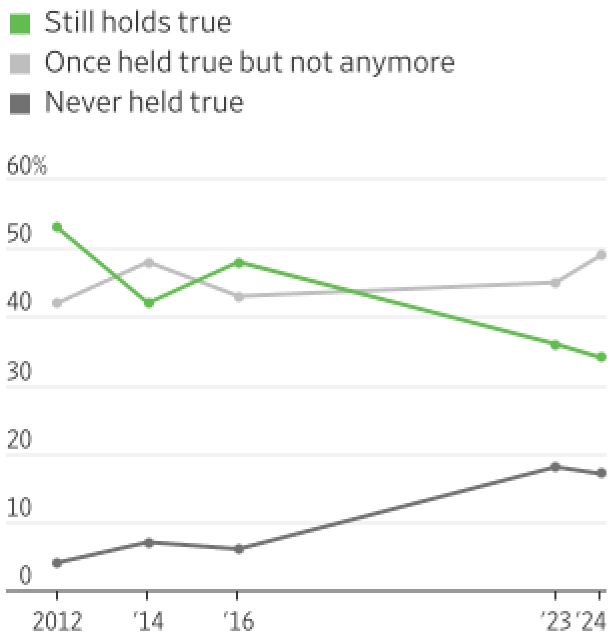
In the WSJ/NORC poll, 62% of people said marriage was either essential or important to their vision of the American dream, but only 47% of people think it is easily attainable.

“For me, the American dream feels further away than it’s ever been,” says Murphy, who works in government affairs for an energy company. “I worry about when I’m 50 or 60 and if nothing changes, I’m going to be totally screwed.”

He interacts with older Americans in that position every day in his side job as founder of the Jet City Coalition nonprofit, which provides free home maintenance to people in need.

“I take care of these people who trade insulin for groceries,” says Murphy of choosing which essentials to go without. He says he’s noticed a growing sense of hopelessness tied not only to high prices, but also to a seemingly more permanent state where “the math doesn’t make sense.”

Do you think the American dream–that if you work hard you’ll get ahead–still holds true, never held true, or once held true but doesn’t anymore?



Source: Wall Street Journal/NORC survey of 1,502 adults, conducted June 26-July 8, 2024; margin of error +/- 3.3 pct. pts.

Murphy is particularly worried about wealth inequality, which has increased over time, according to an analysis of Survey of Consumer Finances data by Scott Winship at right-leaning think tank the American Enterprise Institute.

In 1989, the typical net worth of the wealthiest 10% of households was just under 15 times the overall median net worth for all Americans, compared with almost 20 times that number in 2022. Though, Winship notes, median wealth is more than twice as high as it was in 1989 even after adjusting for inflation. The economy is working well for some people, including investors and many who bought homes when interest rates were low—creating a divide between higher-income Americans and most everyone else.

“It feels like my parents’ generation has ruined it for us,” Murphy says. “It’s such a stark case of the haves and have-nots.”

Outside of his home, Richard Thomas works out with friend Jeff Good while Harrison watches.

Write to Rachel Wolfe at rachel.wolfe@wsj.com

Corrections & Amplifications

The Thomas/Celetti household is a family of six. An earlier version of this article incorrectly identified them as a family of seven. (Corrected on Aug. 28)

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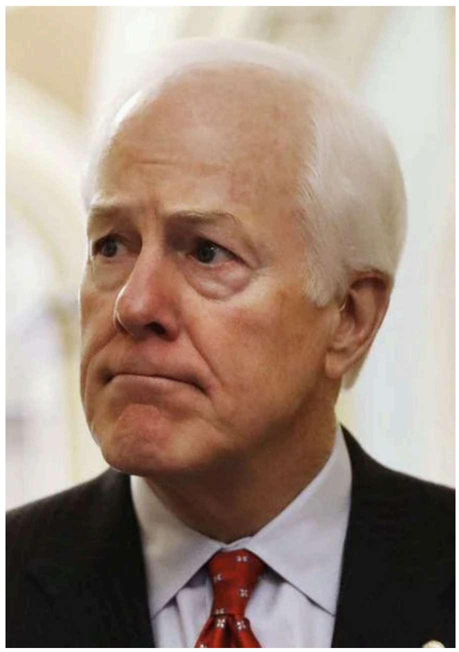
https://dentonrc.com/opinion/save-jobs-act-will-boost-energy-job-market/article_e25a9e62-0c7a-5091-876e-bc498c51a635.html

POPULAR

SAVE Jobs Act will boost energy job market

By Sen. John Cornyn and Rep. Michael Burgess Midland Reporter-Telegram
Aug 2, 2020



John Cornyn

The entire world is reeling from the pandemic's impact, but Texas in particular has been hit with a one-two punch. This coronavirus has taken a firm hold on our state, and alongside it, our energy industry — one of our state's largest and proudest sectors — suffers from low oil prices and lower demand.

In places like the Permian Basin, the effects of the downturn are more acute. A region that had been dubbed one of "the hottest labor markets in the country" just last year reached a double-digit rate of unemployment this spring, a more than 600% increase from the previous year. Nearly 90,000 workers produced about 4 million barrels of oil per day last year. That output had been expected to double by 2023, but now hundreds of oil rigs — and the Texans who work them — sit idle.

Even those West Texans who don't directly work in energy are experiencing the cascading effects of slower production. Rural Texas counties that have come to rely on support from a booming energy industry are struggling to finance school programs and ambulatory services. Two-thirds of hotel rooms in the Permian Basin sit empty, and "closed" signs adorn the windows of too many locally owned restaurants, shops and salons. Sadly, then, it comes as no surprise that the West Texas Food Bank reports local demand for food assistance has doubled.

Texas has survived bust economies before, but none quite like this. Our state's energy workers — who account for nearly 20% of the nation's 6.8 million industry employees — are left looking for extra hours in an economy that can't support them. These workers represent much more than a statistic — they're our neighbors, parents of our children's classmates and volunteers at our local nonprofits. What's more, the 2020 U.S. Energy & Employment report found that energy workers are more likely to be military veterans and more racially diverse than other industries. Energy workers represent all of us, and they need our help. In both the Senate and the House, we've introduced a bill to deliver.

The SAVE Jobs Act, also supported by Congressman Mike Conaway, supports U.S. energy producers so they can maintain their workforce through this downturn. More energy workers on the payrolls means lower unemployment numbers for energy-heavy economies like in West Texas, and in turn, more business for Main Street — even if it is curbside for now. It means those energy workers can provide food for their families and patronize their favorite restaurants. And it means the Permian Basin's barbers, servers and other service providers will be in higher demand and keep more of their hours.

Our bill also helps domestic energy companies invest in their infrastructure during the decline so that when demand for production inevitably returns, the industry will have both the workers and the equipment needed to support it. In the short term, this means more work for construction employees and manufacturers. In the long term, this means greater capacity for production so that when it's safe to travel again, Texans can support their neighbors by filling up their tanks with U.S.-produced gasoline or flying on domestically fueled planes rather than supporting foreign adversaries and competitors in the Middle East.

Smart energy policy cannot only prioritize workers and domestic production — we also need to balance protecting our state's natural resources to ensure long-term solvency. Importantly, the SAVE Jobs Act also helps the United States maintain its lead in global emissions reduction by allowing greater flexibility for more carbon capture projects to qualify for federal incentives. Because these projects use new technology, they require a longer runway to plan and finance and are therefore uniquely vulnerable to the pandemic's uncertainty. Helping eco-friendly energy companies take advantage of existing tax credits will encourage more producers to reduce emissions and could increase the share of carbon-neutral energy companies.

It is possible to be pro-worker, pro-energy, pro-environment and pro-growth. Our bill proves it. We're proud of Texas energy workers, who literally fuel our state and nation, and we're thankful to be in a position to help.

Until we cross over to the other side of the pandemic and solve the energy demand problem it created, the SAVE Jobs Act will provide relief to the industry and its hardworking employees. Texas energy needs a boost, and we're confident this bill can fuel them through the downturn.

JOHN CORNYN is the senior U.S. senator for Texas, and MICHAEL BURGESS represents Texas District 26 in the U.S. House of Representatives.

POLITICS / FEATURE / MAY 22, 2013

The Secret Donors Behind the Center for American Progress and Other Think Tanks [Updated on 5/24]

Washington institutions esteemed for their independent scholarship don't disclose donations from corporations and foreign governments.

KEN SILVERSTEIN

Editor's Note: We received a letter from the Center for American Progress on May 24, 2013 objecting to aspects of Ken Silverstein's article. In the interest of debate, we publish that letter at the end of this article, along with Silverstein's response.

Reuters Pictures

The Center for American Progress, Washington's leading liberal think tank, has been a big backer of the Energy Department's $25 billion loan guarantee program for renewable energy projects. CAP has specifically praised First Solar, a firm that received $3.73 billion under the program, and its Antelope Valley project in California.

Last year, when First Solar was taking a beating from congressional Republicans and in the press over job layoffs and alleged political cronyism, CAP's Richard Caperton praised Antelope Valley in his testimony to the House Committee on Energy and Commerce, saying it headed up his list of "innovative projects" receiving loan guarantees. Earlier, Caperton and Steve Spinner— a top Obama fundraiser who left his job at the Energy Department monitoring the issuance of loan guarantees and became a CAP senior fellow —had written an article cross-posted on CAP's website and its Think Progress blog, stating that Antelope Valley represented "the cutting edge of the clean energy economy."

Though the think tank didn't disclose it, First Solar belonged to CAP's Business Alliance, a secret group of corporate donors, according to internal lists obtained by *The Nation*. Meanwhile, José Villarreal—a consultant at the power- house law and lobbying firm Akin Gump, who "provides strategic counseling on a range of legal and policy issues" for corporations—was on First Solar's board until April 2012 while also sitting on the board of CAP, where he remains a member, according to the group's latest tax filing.

CAP is a strong proponent of alternative energy, so there's no reason to doubt the sincerity of its advocacy. But the fact that CAP has received financial support from First Solar while touting its virtues to Washington policy-makers points to a conflict of interest that, critics argue, ought to be disclosed to the public. CAP's promotion of the company's interests has supplemented First Solar's aggressive Washington lobbying efforts, on which it spent more than $800,000 during 2011 and 2012.

"The only thing more damaging than disclosing your donors and having questions raised about the independence of your work is *not* disclosing them and have the information come to light and undermine your work," says Sheila Krumholz, executive director of the Center for Responsive Politics. "The best practice, whether required by the IRS or not, is to disclose contributions."

Popular

1 Kamala Harris Killed It. Then Taylor Swift Endorsed Her. Now I Think It's Over.

JOAN WALSH

2 The Enduring Influence of Marx's Masterpiece

BOOKS & THE ARTS / WENDY BROWN

3 The Moral Failure of the Grants Pass Decision

CEDAR MONROE and REV. DR. LIZ THEOHARIS

4 The Senate Cannot Be Reformed—It Can Only Be Abolished

EDITORIAL / ELIE MYSTAL

Nowadays, many Washington think tanks effectively serve as unregistered lobbyists for corporate donors, and companies strategically contribute to them just as they hire a PR or lobby shop or make campaign donations. And unlike lobbyists and elected officials, think tanks are not subject to financial disclosure requirements, so they reveal their donors only if they choose to. That makes it impossible for the public and lawmakers to know if a think tank is putting out an impartial study or one that's been shaped by a donor's political agenda. "If you're a lobbyist, whatever you say is heavily discounted," says Kathleen Clark, a law professor at Washington University and an expert on political ethics. "If a think tank is saying it, it obviously sounds a lot better. Maybe think tanks aren't aware of how useful that makes them to private interests. On the other hand, maybe it's part of their revenue model."

* * *

When Newt Gingrich was running for president, *The Washington Post* ran a story about the Center for Health Transformation, which it described as his "hybrid" single-issue think tank. The center, which subsequently went bankrupt and was bought by WellStar, published reports and advocated on behalf of donors—including lobbyists and industry groups that donated millions to support its work—in addition to offering perks like "direct Newt interaction." While the center did disclose some of its donors, it didn't reveal how much money they had contributed.

It was an interesting story, but it obscured a key point: Newt's "hybrid" was a particularly straightforward form of pay-to-play, but its basic features are common at Washington think tanks. Like Newt's Center for Health Transformation, many lure big donors with a package of benefits, including personalized policy briefings, the right to directly underwrite and shape research projects, and general support for the donor's political needs.

Most think tanks are nonprofit organizations, so a donor can even get a nice tax break for contributing. But it's their reputation for impartiality and their web of contacts that makes them especially useful as policy advocates. "Think tanks can always draw a big audience to your event, including government folks," a Washington lobbyist who has worked with several told me. "And people generally don't think they would twist anything, or wonder about where they get their money."

While think tanks portray themselves as altruistic scholarly institutions, they emphasize their political influence when courting donors. "If you have a particular area of policy interest, you can support a specific research effort under way," the Brookings Institution says in one pitch for cash. Those interested in "a deeper engagement"—read: ready to fork over especially large sums of money—get personal briefings from resident experts and can work directly with senior Brookings officials to draw up a research agenda that will "maximize impact on policymaking."

The Center for Strategic and International Studies advertises itself as being "in the unique position to bring together leaders of both the public and private sectors in small, often off-the-record meetings to build consensus around important policy issues." It allows top-tier donors to directly sponsor reports, events and speaker series.

Because most think tanks don't fully disclose their donors, it's not always easy to see what sort of benefits money can buy. But during Chuck Hagel's confirmation hearings, the Atlantic Council, where he'd been chairman before moving to the Pentagon, released a list of its foreign donors. One of them turned out to be the oil-rich government of

Kazakhstan, headed by dictator Nursultan Nazarbayev. Last year, the council hosted a conference on Kazakhstan that was paid for by the Nazarbayev regime and Chevron, which has vast oil interests in the country and is also a major donor to the council. Keynote speakers included Kazakhstan's former ambassador to the United States and Kenneth Derr, a former Chevron CEO and now Kazakhstan's honorary consul in San Francisco.

* * *

John Podesta, former chief of staff to President Bill Clinton and the head of Obama's first transition team, founded the Center for American Progress in 2003. Last year, Podesta stepped down as CAP's president—he remains its chair and counselor—and was replaced by Neera Tanden, who served in both the Obama and Clinton administrations. Former Virginia Congressman Tom Perriello heads the CAP Action Fund, an advocacy unit, which operates out of the same offices and shares personnel.

CAP has emerged as perhaps the most influential of all think tanks during the Obama era, and there's been a rapidly revolving door between it and the administration. CAP is also among the most secretive of all think tanks concerning its donors. Most major think tanks prepare an annual report containing at least some financial and donor information and make it available on their websites. According to CAP spokeswoman Andrea Purse, the center doesn't even publish one.

Purse told me that CAP "follows all financial disclosure requirements with regard to donors.... We don't use corporate funds to pay for research or reports." But she flatly refused to discuss specific donors or to provide an on-the-record explanation for why CAP won't disclose them.

After growing rapidly in its first few years, tax records show, CAP's total assets fell in 2006 for the first time, from $23.6 million to $20.4 million. Assets started growing again in 2007 when CAP founded the Business Alliance, a membership rewards program for corporate contributors, and then exploded when Obama was elected in 2008. According to its most recent nonprofit tax filing, CAP's total assets now top $44 million, and its Action Fund treasury holds $6 million more.

A confidential CAP donor pitch I obtained describes the Business Alliance as "a channel for engagement with the corporate community" that provides "the opportunity to...

collaborate on common interests." It offers three membership levels, with the perks to top donors ($100,000 and up) including private meetings with CAP experts and executives, round-table discussions with "Hill and national leaders," and briefings on CAP reports "relevant to your unique interests."

click to enlarge

CAP doesn't publicly disclose the members of its Business Alliance, but I obtained multiple internal lists from 2011 showing that dozens of major corporations had joined. The lists were prepared by Chris Belisle, who at the time served as the alliance's senior manager after having been recruited from his prior position as manager of corporate relations at the US Chamber of Commerce. According to these lists, CAP's donors included Comcast, Walmart, General Motors, Pacific Gas and Electric, General Electric, Boeing and Lockheed. Though it doesn't appear on the lists, the University of Phoenix was also a donor.

Incidentally, Scott Lilly, a Hill veteran who joined CAP in 2004 as a senior fellow covering national security, simultaneously served as a registered lobbyist for Lockheed between 2005 and 2011. Rudy deLeon, CAP's senior vice president for national security and international policy, was a Boeing executive and directed the company's lobbying operations between 2001 and 2006, before joining the think tank the following year.

Of the CAP donors mentioned in this story, I contacted Lockheed, which refused to confirm or deny its membership in the Business Alliance, and First Solar and Boeing, both of which confirmed that they had been members but wouldn't say how much they gave or when. "Our work with think tanks is not political, but is more educational in nature," Tim Neale of Boeing told me. "We want to learn from and share ideas with scholars across the political spectrum, and we like to get a wide range of viewpoints and ideas rather than focus solely on a particular political bent."

Several CAP insiders, who asked to speak off the record, told me that when Podesta left, there was a fear that contributions would dry up. Raising money had always been important, they said, but Tanden ratcheted up the efforts to openly court donors, which has impacted CAP's work. Staffers were very clearly instructed to check with the think tank's development team before writing anything that might upset contributors, I was told.

I obtained a March 2012 e-mail from Belisle to Podesta and CAP's communications and legal teams, which was also copied to Tanden. The e-mail noted a Think Progress item featuring a *New York Times* op-ed by former Goldman Sachs executive Greg Smith, who called the company's environment "toxic and destructive." At the time, the firm was under heavy fire for deceiving investors and for its larger role in driving the speculation in toxic securities that unwound the economy. Belisle said he was "flagging" the item for Tanden since she had recently met with Michael Paese, director of Goldman's

Washington lobbying office. Two sources told me that Goldman Sachs subsequently became a donor. Purse and Paese declined comment.

* * *

Foreign governments and business entities can also join the Business Alliance, whose membership list includes the Taipei Economic and Cultural Representative Office—which functions as Taiwan's embassy in Washington and retains many lobbyists, including former Oklahoma Republican Senator Don Nickles and former Missouri Democratic Representative Richard Gephardt—and the Confederation of Businessmen and Industrialists of Turkey (TUSKON).

In 2010, CAP issued a report, "Ties That Bind: U.S.-Taiwan Relations and Peace and Prosperity in East Asia," which warned that the partnership between the two countries had stagnated and suggested that the United States maintain arms sales to Taiwan, increase economic and diplomatic cooperation, and otherwise "seek ways to deepen their relationship." That same year, CAP's Scott Lilly gave an address at the American Institute in Taiwan, in which he hailed the ties between the two nations as "one of the more important bilateral relationships in the world" before calling for additional arms sales to Taiwan. Lockheed, whom Lilly lobbied for at the time, is a leading arms merchant to Taiwan.

With help from TUSKON, CAP also makes an annual fact-finding trip to Turkey, the most recent being in February of this year. The CAP delegation met with US Ambassador Francis Ricciardone and senior Turkish government officials. A former CAP staffer told me that TUSKON had "amazing access" and "could call anyone in the government and get us a meeting or interview." As a result of the Turkish group's support, CAP was "totally in the tank for them," this source said.

CAP also presses for closer ties between the US and Turkish governments, just as Ankara's lobbyists do. Last year, CAP hosted an event featuring Commerce Secretary John Bryson, who spoke on his "vision for deepening even further the US-Turkish commercial relationship." Two years earlier, Podesta gave the keynote address at a TUSKON conference in Istanbul. In his speech—titled "The Unique Importance of the Turkish-American Relationship"—he praised CAP senior fellow Michael Werz for his work on "strengthening the US-Turkey relationship." He also pointedly noted that

Werz's predecessor as CAP's Turkey expert, Spencer Boyer, had left the think tank to become the Obama administration's deputy assistant secretary for European affairs.

"Our policy work is independent and driven by solutions that we believe will create a more equitable and just country," Purse told me. It would be easier to believe that statement, let alone evaluate it, if CAP was more transparent about its funding. The same holds true for think tanks in general—which, unlike other powerful Washington institutions, have the luxury of telling the public and policy-makers only what they choose about their funders.

* * *

Editor's Note: We received a letter from the Center for American Progress on May 24, 2013, objecting to aspects of Ken Silverstein's article. In the interest of debate, we publish that letter below, along with Silverstein's response. N

> **From the Center for American Progress**
>
> Core to liberal thought is the idea that evidence should come first and conclusions should follow. Ken Silverstein's recent article, *The Secret Donors Behind the Center for American Progress and Other Think Tanks*, insinuates a lot but the facts tell a different story.
>
> The inference at the heart of the author's story is that corporate donations shape or drive the content of CAP and CAP Action. That assertion is baseless and completely false.
>
> The most central case to the author's argument relies on a junior staffer "flagging" a hard-hitting piece we did on Goldman Sachs. The author then fails to cite the fact that the leadership of the organization raised no concerns—indeed the leadership of the organization pushed for additional coverage—and the original draft appeared verbatim and remains publicly available; along with more than two dozen other pieces of our reporting that are highly critical of Goldman Sachs. All that was required was a simple search on ThinkProgress.

The author also argues that CAP takes funds from Turkish interests, including a quote from an anonymous source that "As a result of the Turkish group's support, CAP was "totally in the tank for them." Again, the author's insinuation is refuted by CAP's body of work. In fact, just days before the Turkish Prime Minister recently visited Washington, CAP published a piece critical of the Turkish government, *Freedom of the Press and Expression in Turkey*.

The author goes even further insinuating that CAP's growth over the year is attributable to our creation of our Business Alliance in 2007 and corporate donations. As Huffington Post wrote in March, philanthropic giving is what is responsible for our growth. The fact of the matter is only 6 percent of our funding in 2012 came from corporate donors, and it has never reached double digits.

These are the facts. Facts that undermine the preconceived conclusion drawn by the author. We are fiercely and proudly independent in our work and strongly refute any inference to the contrary.

We expect more from *The Nation*, and we eagerly encourage any reader to look directly at the substance of our work on corporate accountability and financial sector reform, clean energy, campaign finance reform, defense cuts, and progressive tax reform to judge for themselves.

ANDREA PURSE, *Vice President for Communications, Center for American Progress*

Silverstein Replies

CAP was given plenty of time to reply before the story was published and chose not to. Now it has sent a letter that misrepresents what I wrote and hence shoots down arguments I didn't make.

There is evidence that CAP's agenda has been influenced by its decision to take corporate money, but that is not the central "inference at the heart of the story." The main point of the story is that CAP takes money from corporate donors without disclosing it, which is not an inference but a fact.

Another fact is that in doing so, CAP sometimes acts as an undisclosed lobbyist for its donors. As described in the story, First Solar gave money to CAP and CAP's staff advocated for First Solar before Congress and in articles on CAP's website without disclosing that pertinent piece of information.

Maybe the 6 percent figure for corporate contributions is true and maybe it's not, we have only CAP's word to take for it. It should publish and make available an annual report or otherwise disclose at least some basic financial information, like most major think tanks do. Furthermore if CAP is only receiving 6 percent of its budget from corporations, it's purely a function of its failure to close the deal, not a lack of trying. (See the wonderful perks it offers to big corporate donors, as described in my story.)

It's nice that CAP sometimes criticizes its donors, but I found numerous instances where it praised them as well. But really, that is not the point. Wall Street companies gave a lot of money to President Obama not because they expected to get his support all the time, but to get it more than they would if they didn't give him money at all. (And I'd say they got a pretty good return on their investment.) I expect that's the same impulse that prompts companies to give CAP money, unless you believe Boeing's explanation to me, that its contributions to the think tank are purely "educational in nature."

People should read my story and decide for themselves who is telling the truth.

KEN SILVERSTEIN

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Electricity rate increase likely

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BILL WYATT
Martinsville Bulletin

Results released Tuesday from PJM Interconnection's Capacity Auction, which includes almost all of Virginia, show significant price increases and is likely to cause electric rates to rise in the future.

The PJM Capacity Auction is for excess power during particularly hot, cold or emergency situations.

Appalachian Power Co. says the constant generation and distribution of electricity is a collaborative eff ort with PJM, the regional transmission organization that routinely makes predictions about future demands for electricity. These predictions — called load forecasting — help Appalachian anticipate high demand in order to make necessary adjustments to ensure enough power is available.

Stu Bresler, PJM executive vice president for market services and strategy, spoke during a media briefing on Tuesday and said it is unclear how the jump in capacity prices will affect customer bills, but last year, capacity costs accounted for roughly 8% of customer electric bills.

As of July 2024, the average monthly electric bill for Virginia residents was around $206, almost identical to the national average of $207.

A release from Rep. Morgan Griffith, R-Salem, noted the current capacity price for Appalachian Power is $28.92 per megawatt and the increase at auction would cause the rate to soar to $269.92 per megawatt in 2025.

Using the formula provided by Bresler, the average monthly bill of $206 would increase to $343, or more than 66%.

Tom Rutigliano, senior advocate with the Sustainable FERC Project at the Natural Resources Defense Council, suggested a more moderate increase of up to 29%.

"The bill is suddenly due for an over-reliance on fossil fuels and inadequate planning for a more affordable, diverse power grid in JPM and customers throughout 13 eastern and midwestern states will be the ones who pay the price," said Rutigliano. "Make no mistake: this was foreseeable and preventable."

"As demand for electricity grows in the United States, coupled with the retirement of coal and natural gas power plants, a new kind of economic turmoil brews," said Griffith in a release. "The results of PJM's auction are evidence to me that rapid baseload retirements lead to skyrocketing power costs. Americans are already paying more because of inflation, now those costs are being compounded because of left wind Democratic party policies, led by the Biden-Harris Administration, to stamp out reliable fossil fuels."

The PJM Interconnection footprint was $2.2 billion in the last auction and the auction on Tuesday ended at $14.7 billion, a new record high.

The spike in capacity prices was driven by power plant retirements, increased load, and new market rules that aim to better reflect risks from extreme weather, and reflects a tighter electricity supply and higher demand, said Bresler.

"Electricity prices are skyrocketing because the grid operator PJM is failing to plan for the kind of energy infrastructure we need to affordably keep the lights on," said Advanced Energy United Director Jon Gordon in a statement. "PJM didn't prepare for an energy transition we all saw coming, and now consumers are going to pay the price."

PJM's service territory includes 13 states from New Jersey to Virginia and is set to take effect in June, 2025. In addition to electric bills at home, a change in the overall cost of electricity affects many other wholesale and distribution services.

"PJM fell behind on interconnection and long-term transmission planning years ago, and now the problems are just cascading and piling up," Gordon said. "With transmission planning improvement on the docket and further interconnection reforms urgently needed, these auction results should send a clear message that change can't come too soon."

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