



MEMORANDUM

September 9, 2024

TO: Members of the Subcommittee on Energy, Climate, and Grid Security

FROM: Committee Majority Staff

RE: Hearing entitled "From Gas to Groceries: Americans Pay the Price of the Biden-Harris Energy Agenda"

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## I. INTRODUCTION

The Subcommittee on Energy, Climate, and Grid Security has scheduled a hearing on Wednesday, September 11, 2024, at 10:00 a.m. (ET) in 2123 Rayburn House Office Building. The title of the hearing is "From Gas to Groceries: Americans Pay the Price of the Biden-Harris Energy Agenda." The hearing will examine the broad impacts of the elevated price levels for energy and power over the past four years, the ramifications of those elevated price levels, and what may be done to address them.

## II. WITNESSES

- **Linda Pryor**, Hilltop Farm WNC, Hendersonville, NC, on behalf of the American Farm Bureau Federation;
- **Patrice Onwuka**, Director, Center for Economic Opportunity, Independent Women's Forum;
- **Travis Fisher**, Director of Energy and Environmental Policy Studies, Cato Institute; and,
- **Trevor Higgins**, Senior Vice President, Energy and Environment, Center for American Progress.

## III. BACKGROUND

Over the past four years, the price of crude oil, gasoline, natural gas, electricity, and other energy commodities have risen significantly. As a result, many other non-energy commodity prices have also increased due to higher production and transportation costs. Even as broader inflationary pressures have declined significantly from a peak in 2022, price levels remain substantially higher than they were four years ago.

For example, the average U.S. household pays about \$1,095 more per month today than it did in January 2021, according to data from the Bureau of Labor Statistics and the Joint Economic Committee Republican Inflation Tracker.<sup>1</sup> Households are paying an estimated \$148 more per month on food, \$260 more per month on shelter, and \$129 more per month for energy, on average. All told, such elevated prices levels show that households have spent upwards of

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<sup>1</sup> See July 2024 Consumer Price Index analysis, linked [here](#) and the tracker linked [here](#).

\$30,000 more due to inflation since January 2021.

Energy, including fuels and electric power, are key components of the goods and services that households and businesses rely upon. Constraints on the expansion of energy supplies and power generation, along with policies that increase the costs and reliability of delivered energy, have significant impacts on household and business spending, which determines what families and businesses can afford.

Recent data show that [gasoline prices](#) have increased from about \$2.25 per gallon in January 2021 to more than \$3.50 per gallon this past summer—down from a peak of about \$4.70 in the summer of 2022. [Diesel prices](#) peaked at \$5.80 per gallon in June 2022 and remain around \$3.50 per gallon today, up from \$2.60 in January 2021, according to the Energy Information Administration. On average, what households pay for electricity, utility gas, and gasoline, according to the [Bureau of Labor Statistics](#), is up 30%, 25%, and 56% respectively, since January 2021.

The energy cost increases hurt household budgets. For example, grocery prices have risen sharply since 2020, even as inflation has cooled.<sup>2</sup> The most recent data from the U.S. Department of Agriculture’s Economic Research Service show food expenditures as a share of household disposable income reached 11.4% in 2023, the highest level in over 30 years.<sup>3</sup>

Government policies had a major impact on inflation and continued high price levels since the pandemic. Main drivers of the energy and household price increases include federal spending—the largest deficit spending since World War II—supply chain shortages coming out of the COVID-19 pandemic, and the Federal Reserve adding extraordinary stimulus and liquidity to the economy.<sup>4</sup> While Federal Reserve monetary policy plays the primary role in reducing inflation, the supply of goods and services—and related costs for those products—is also affected by policies that restrain, restrict, or create uncertainty surrounding the supply and delivery of energy.

Over the past Congress, Energy and Commerce Committee hearings have examined the impact of policies—including Biden-Harris administration energy and environmental policies—on the affordability and reliability of electric power. Policies that will accelerate the premature retirement of baseload and dispatchable energy generation, for example, are creating the prospects of higher electricity bills. This past July, the PJM Interconnection’s auction increased capacity prices ten-fold, which means that in coming years customers in the Mid-Atlantic and Midwest will see their rates rise to assure reliable power. The Maryland ratepayer advocate estimates that bills could increase as much as 24% depending on location.<sup>5</sup> Committee hearings

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<sup>2</sup> See Stephanie Stamm, “How Far \$100 Goes at the Grocery Store After Five Years of Food Inflation,” Stephanie Stamm, *The Wall Street Journal*, April 4, 2024, linked [here](#).

<sup>3</sup> See Food Expenditure Series, Economic Research Service, U.S.D.A, linked [here](#).

<sup>4</sup> See “Inflation in the U.S. Economy: Causes and Policy Options,” Congressional Research Service, October 6, 2022, linked [here](#).

<sup>5</sup> See “Maryland electric customers face up to 24% bill hikes from PJM capacity auction: report,” Ethan Howland, Utility Dive, August 15, 2024, linked [here](#).

have identified concerns about affordability and reliability of future electricity around the nation.<sup>6</sup>

On the oil and gas front, various regulatory and policy forces may affect future expansion of energy necessary to supply demand. The United States at present has been reaching record levels of oil and gas production, yet this is largely due to investments, public policy signals, and permitting approvals from the previous two decades. Policy decisions that restrict or raise the costs of energy could harm such production in the future, as noted in Committee hearings.<sup>7</sup>

How current Biden-Harris administration policies affect the supply and delivery of energy will be an issue for Member consideration.

#### **IV. ISSUES**

The following issues may be examined at the hearing:

- How do high electricity, fuel, and feedstock prices impact businesses, households, both directly and indirectly?
- What policies and regulatory actions have affected energy prices?
- What policy and regulatory changes are needed to increase American energy supplies and infrastructure, and ultimately lower energy prices?
- The agriculture industry has been hit especially hard by high energy prices and supply chain costs. How does this impact our food supply?

#### **V. STAFF CONTACTS**

If you have any questions regarding this hearing, please contact Brandon Mooney, Peter Spencer, or Mary Martin of the Committee staff at (202) 225-3641.

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<sup>6</sup> See, for example, Energy, Climate, and Grid Security Subcommittee Hearing: “Powered Up: State Utility Regulators on Challenges to Reliable, Affordable, Electricity,” February 14, 2024, linked [here](#).

<sup>7</sup> See, for example, [testimony](#) of Amanda Eversole at the Environment, Manufacturing, and Critical Materials Subcommittee Hearing: “America Leads the Way, Our History as a Global Leader at Reducing Emissions,” November 29, 2023, linked [here](#).