

QFR REVIEW: 02.05.2025 Subcommittee on Energy - Questions for the Record

The Honorable Robert E. Latta (R-OH-5)

1. We need more energy supplies to lower prices. A 2023 study by NERA Economic Consulting found that the lack of new pipeline infrastructure is a material impediment to the natural gas industry bringing the lowest cost gas resources to the market.

a. Please explain the importance for increasing natural gas pipeline capacity and explain how doing so will help bring lower, and make more stable, costs to industry and ratepayers?

Increasing natural gas pipeline capacity is essential for unlocking America's energy potential, driving economic growth, and ensuring affordable, reliable energy for all consumers. By addressing the current infrastructure limitations, we can bring the lowest-cost gas resources to market and create a more stable and prosperous energy future.

Expanding pipeline capacity allows for greater market access to low-cost natural gas resources, which can lead to reduced energy prices for consumers and businesses. Increased pipeline capacity creates jobs and stimulates economic activity. A clear example of this is the Mountain Valley Pipeline (MVP), which entered service on June 14, 2024—nearly nine years after its initial application to FERC. The MVP now delivers up to 2 billion cubic feet (Bcf) of natural gas per day from the prolific Marcellus and Utica shale regions to growing demand centers in the Mid-Atlantic and Southeastern United States. This added capacity provides cost-effective, domestic energy for local distribution companies, industrial users, and power generators, supporting energy reliability while helping to keep costs down for consumers and businesses.

2. API has a long record of examining the policies and other forces that affect energy prices, including the prices paid by consumers.

a. Please provide your insights into how and how much the Inflation Reduction Act affected energy prices?

While API does not forecast prices, we do analyze market fundamentals. Historically, excessive restrictions on domestic energy production risk contributing to price volatility and upward pressure on consumer costs. To keep energy prices stable, it is critical to encourage investment through policies that support energy development. A welcoming policy landscape—one that promotes infrastructure development, predictable permitting processes, and regulatory certainty—reduces investment risk and strengthens long-term energy security. When policies create uncertainty, they deter private sector investments

that are necessary to maintain and expand energy production, ultimately impacting consumers and economic growth.

The IRA's new taxes and fees on domestic energy producers, such as the Waste Emissions Charge (WEC), have the potential to increase production costs. Historically additional costs have resulted in higher energy prices, particularly in times of constrained supply due to the challenges of permitting infrastructure.

b. What are the most important actions Congress may take to increase supplies and reduce prices for energy users?

We are already seeing encouraging steps from the executive branch and federal agencies to strengthen America's energy future and increase production. But to build on this momentum and deliver lasting energy security and affordability, Congress must act. Establishing a stable, long-term policy environment—one that supports energy expansion and investment—is essential.

API's Five-Point Policy Plan outlines key priorities, and more than 20 specific policy actions, where Congressional leadership can make a meaningful impact. While agency efforts are moving in the right direction, achieving the kind of energy certainty that attracts private investment will require strong, coordinated action from Congress. The opportunity is clear: with the right policies in place, the U.S. can lead the world in affordable, reliable, and lower-carbon energy for decades to come.

The Honorable Gary Palmer (R-AL-6)

1. How do we utilize hydrocarbon energy as we advance our energy production through nuclear?

At API, we recognize that the path to a secure, affordable, and reliable energy future requires an all-of-the-above approach—one that includes oil, natural gas, nuclear and other emerging technologies. As the U.S. continues its use of nuclear energy, hydrocarbons will play a critical role in supporting energy production, grid stability, and economic growth.

In the power sector specifically, nuclear provides baseload power, however, it requires flexible backup from natural gas to maintain grid reliability during outages, maintenance, or fluctuating demand. Additionally, hydrocarbons support nuclear fuel production and power industrial processes required for plant construction and operation.

Maintaining a strong oil and natural gas sector alongside nuclear is critical to ensuring affordable, reliable, and resilient energy for American families, businesses, and industries.

The Honorable Rick Allen (R-GA-12)

1. Last Congress you came before the environment subcommittee and testified on the progress the U.S. has made on unlocking our domestic energy capabilities.

a. You and I discussed how lifting the oil export ban allowed the U.S. to wield more influence over the global price of oil and provided market stability. Being the world's supplier of oil and gas ensures our dominance on the world stage and protects our allies. Can you share the impact exporting our oil and natural gas has on our economy?

Since the lifting of the oil export ban in 2015, the U.S. has become by far the world's largest producer of oil and natural gas, which has strengthened our position on the global stage and provided critical economic benefits at home. The U.S. has become energy dominant on several critical fronts:

- a. **Economic Growth/Job Creation:** Oil and natural gas exports have driven significant economic expansion, supporting millions of American jobs across the entire energy value chain—from production and refining to transportation and shipping.*
- b. **Stable Energy Markets:** By increasing supply and bolstering market stability, our ability to export oil and LNG has helped mitigate extreme price volatility. U.S. natural gas exports have also played a role in keeping domestic natural gas prices relatively stable compared to global markets.*
- c. **Trade Balances & National Security:** Energy exports have bolstered our trade balance, reducing our reliance on foreign imports and positioning the U.S. as a reliable energy partner for our allies. LNG exports, in particular, have been critical in supporting European nations as they work to diversify their energy supplies, reducing dependence on adversarial sources.*
- d. **Global Influence and Energy Diplomacy:** With our exports reaching markets worldwide, the U.S. can help promote stability in global energy markets, helping to counteract supply disruptions and geopolitical threats. By ensuring a steady supply of energy, we support economic and political stability among our allies and reinforce our strategic alliances.*

Continued investment in American energy infrastructure and policies that encourage responsible energy production will ensure we maintain this leadership position well into the future.

The Honorable Mariannette Miller-Meeks (R-IA-1)

1. As Chair of the Conservative Climate Caucus, I want to ensure that we do not lose sight of ensuring that energy policy continues to strive to lower emissions. As we focus on reducing emissions while maintaining energy security, I'd like to understand the role of the oil and gas industry.

a. What specific technological innovations and operational practices has the industry implemented to reduce emissions over the past decade?

b. Looking ahead, what are the most promising opportunities for further emissions reductions while maintaining reliable energy production?

Over the past decade and a half, the United States has made some of the most significant greenhouse gas emissions reductions of any major economy—and the oil and natural gas industry has played a central role in that progress. Through a combination of technological innovation, operational improvements, and market-driven fuel switching, our industry has contributed meaningfully to lower emissions while continuing to meet the nation's energy needs.

First, we've made substantial strides in reducing emissions from our own operations. Across the sector, companies have deployed advanced technologies, improved efficiency, and embraced rigorous monitoring, reporting, and verification (MRV) systems to cut emissions—particularly methane. As a result, the methane intensity of U.S. natural gas production has declined by nearly 60% since 2015, according to the Energy Information Agency (EIA). Operators are using tools like aerial surveillance, satellite imaging, and optical gas imaging to detect and fix leaks faster and more effectively. Second, the expanded use of natural gas—enabled by major technological advancement that increased domestic production—has been the single largest driver of U.S. power sector emissions reductions. Since 2005, the shift from coal to natural gas has accounted for more carbon reductions than any other source, including wind and solar. This cleaner-burning fuel has helped decarbonize the grid while preserving energy reliability and affordability for consumers.

Third, our industry is investing heavily in the next generation of low-carbon technologies. Companies across the oil and gas sector are committing billions toward the development and deployment of carbon capture, low-carbon hydrogen, direct air capture, and other innovative solutions that will be critical to reducing emissions across the broader economy. These investments are laying the groundwork for a more sustainable energy future while supporting job creation and American energy leadership.

The Honorable Lizzie Fletcher (D-TX-7)

1. On February 1, President Trump chose to pick a fight with our two closest trading partners for energy products by announcing a 25% tariff on all goods from Mexico and a 25% tariff on most goods from Canada, with a lower, 10% tariff on energy products from Canada. Canada and Mexico are by far our largest sources of U.S. crude oil imports, accounting for over 4 million barrels per day combined. The Tax Foundation estimates that the tariffs on Canada and Mexico alone will increase taxes by more than \$670 per U.S. household this year. Energy industry analysts also expect fuel prices of everything from gasoline, diesel, jet fuel, and propane to rise as a result of these tariffs. On February 10, President Trump substantially raised tariffs on steel and aluminum imports to a flat 25%, without exceptions or exemptions. This action will undoubtedly ripple through the steel-intensive energy industry, and create further market uncertainty. While I'm glad to see that the tariffs on Canada and Mexico have been delayed, from a long-term investment certainty standpoint, the lack of process, lack of transparency, and abrupt changes in course can be just as harmful as the tariffs themselves.

a. Many U.S. refineries need the heavier crude oil from Canada and Mexico to maximize the flexibility of gasoline, diesel, and jet fuel production while keeping costs low for consumers. I saw President Sommers' statement that API will work with the administration on exclusions for energy products. Can you elaborate on why tariffs on imports of crude and other energy products harms the U.S. economy and raises energy costs for U.S. consumers?

API remains committed to advocating for free and fair-trade policies that support American energy security, economic growth, and affordability for consumers. The U.S. oil and natural gas sector is a clear example of trade policy done right—demonstrating benefits that are increasingly recognized by global partners, American consumers, and this administration alike.

As we know, abrupt changes in trade policy create uncertainty for long-term energy investments, making it more difficult for businesses to plan for infrastructure expansion, workforce development, and supply chain stability. The U.S. refining sector relies on a diverse mix of crude oil sources to optimize fuel production and meet consumer demand efficiently. Canadian and Mexican crude imports play a crucial role in ensuring this balance, particularly for refineries designed to process heavier grades of crude. The energy trade between the U.S., Canada, and Mexico has created a more stable and resilient energy system that benefits American consumers, enhances national security, and strengthens economic ties with our closest allies.

The decision to apply a lower, 10% tariff on energy products from Canada signals that the President and his Administration recognize the critical role energy plays in economic growth and national security. By treating energy differently, they acknowledge that maintaining reliable access to diverse energy supplies is essential to their broader policy agenda. We appreciate that the administration recognizes oil and gas as an enormous geostrategic asset, but we will continue to work on ensuring energy trade flows continue tariff-free.