Testimony of Dr. J. Mijin Cha

Assistant Professor, University of California, Santa Cruz

Fellow, Climate Jobs Institute, Cornell University

Committee on Natural Resources

Subcommittee on Energy and Mineral Resources

United States House of Representatives

Legislative Hearing on H.R. 5482

December 12, 2023

Chairman Stauber, Ranking Member Ocasio-Cortez, and members of the Subcommittee on Energy and Mineral Resources, thank you for inviting me to testify today.

My name is Mijin Cha and I am an assistant professor of Environmental Studies at the University of California, Santa Cruz, a Fellow at the Climate Jobs Institute at Cornell University, and a Fellow at the Climate and Community Project. I hold a JD and a PhD and am a member of the California Bar. My research focuses on the intersection of labor, climate, and inequality and how to advance a just energy transition. My testimony today is based on my research and my views are my own.

I join you today to discuss Representative Hageman's proposed legislation- H.R. 5482, "Energy Poverty Prevention and Accountability Act of 2023." Coincidentally, while I am based in California now, I spent many of my formative years in Rep. Hageman's beautiful home state of Wyoming.

First, I commend Rep. Hageman for recognizing how energy poverty affects so many households across the country. The U.S. Energy Information Administration found that in 2020, 34 million households- nearly one out of every three households nationwide- struggled to pay their energy bills or kept their homes at unsafe temperatures because of cost concerns.[1]Black and Hispanic households experience higher levels of energy insecurity and poverty.[2] Energy security is a racial, economic, and social justice consideration.

[1] "In 2020, 27% of U.S. Households Had Difficulty Meeting Their Energy Needs," accessed December 7, 2023, https://www.eia.gov/todayinenergy/detail.php?id=51979.

[2] Shalanda H. Baker, Sanya Carley, and David M. Konisky, "Energy Insecurity and the Urgent Need for Utility Disconnection Protections," *Energy Policy* 159 (December 1, 2021): 112663, https://doi.org/10.1016/j.enpol.2021.112663; Michelle Graff et al., "Which Households Are Energy Insecure? An

I also commend this bill for proposing to study the impact that policies have on low-income communities, rural communities, and communities of color. It is imperative that we structure policy in a way that protects the most vulnerable.

However, the bill's specific focus on protecting oil and gas extraction and exploration is counter to combatting energy poverty. Recent research shows that electricity shutoffs are driven largely by two issues: an overinvestment in fossil fuel infrastructure, which drives price volatility, and excessive profits and executive pay.[3] While struggling families face ever increasing power bills and threats of cutoffs, utility executives received, on average, $5.9 million in pay in 2022. High oil and gas prices mean higher profits and therefore the incentive is to keep gas prices high.

Moreover, while pricing is one of the main drivers of energy poverty, it is not the only one. Poor housing stock, lack of access to capital, and homeowner status all contribute to energy insecurity and high energy burdens.[4] Low-income households and households of color are more likely to live in housing in need of weatherization and energy-efficiency upgrades, but lack the capital to undertake these improvements. Inefficient and poorly weatherized housing creates poor health conditions and also requires more electricity and heating than necessary. These conditions result in excessively high utility bills even when rate pricing is lower. Moreover, low-income households and households of color are more likely to be renters, which means they cannot take advantage of most rebate and energy efficiency incentive programs. Rather, they must rely on landlords to do upgrades even though the impact is on their utility bills. Focusing only on energy production misses these other drivers of energy insecurity and high energy burden.

To address the root causes of energy poverty, we must 1) reintroduce the ban on oil exports and expand it to include a ban on fracked gas exports to keep oil and gas extracted in the U.S. in the U.S., 2) expand current federal assistance programs that provide assistance to struggling households, such as the Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program (WAP), and 3) plan for and advance a managed decline of fossil fuel extraction and use.

<u>Reintroduce Ban on Oil Exports and Expand to Include a Ban on Exports of Fracked Gas</u>

While households across the country struggle to pay their heating and electric bills, the oil and gas industry is breaking production and profit records. This year, there was a record level of oil and gas production. And, 2023 is not an anomaly-- this record-setting level of production is

---

Empirical Analysis of Race, Housing Conditions, and Energy Burdens in the United States," *Energy Research & Social Science* 79 (September 1, 2021): 102144, https://doi.org/10.1016/j.erss.2021.102144.

[3] "In 2020, 27% of U.S. Households Had Difficulty Meeting Their Energy Needs," accessed December 7, 2023, https://www.eia.gov/todayinenergy/detail.php?id=51979.

[4] Diana Hernández, "Understanding 'Energy Insecurity' and Why It Matters to Health," *Social Science & Medicine (1982)* 167 (October 2016): 1–10, https://doi.org/10.1016/j.socscimed.2016.08.029.

expected to continue until 2050.[5]Not only is this incompatible with any and all measures to address the climate crisis, record-setting levels of oil and gas production *have not reduced* energy bills for Americans. While more and more oil and gas is being extracted, those profits are going to oil and gas companies and households across the country are not benefitting, not even one cent.

Exports of U.S. fossil fuels rose dramatically after the ban on oil exports was lifted in 2015.[6] Since the repeal of the ban, crude oil exports grew nearly 900 percent.[7] Fracked gas exports increased by 507 percent.[8] In addition to being the world's top producer of oil and gas, the United States is now a net petroleum exporter. In 2022, we exported 9.52 million barrels of petroleum per day while importing 8.33 million barrels per day.[9] Instead of providing for people in this country, oil and gas extracted in the U.S. is shipped around the world. Increasing production levels has done nothing for household energy bills because the oil and gas extracted is being sent to other countries. Re-instating the ban on oil exports would keep American oil here and reduce fuel costs at home.

Additionally, expanding the original ban on exports to include fracked gas would increase the domestic supply of gas available for heating and for gas-fired power plants. This increased supply will decrease costs for households. One reason bills remain high, as made clear by utilities and regulators, is the global demand for gas led to a substantial increase in exports of liquified natural gas (LNG) from the U.S. Another reason is that when gas prices spike, the effect lasts for years. While there was a spike in gas prices in 2021 and 2022 due to Russia's invasion of Ukraine, wholesale gas prices fell in 2023 to roughly the level they were before the invasion.[10]Yet, this decrease in wholesale gas prices was not reflected on utility bills. Residential gas prices, in fact, were at their highest levels in 10 states in August 2023. The reason is because utilities distribute the cost of fuel spikes in rate increases over years. Customers will continue to pay for the temporary high cost of gas from the Ukrainian war for several years to come. As a result of these factors, there is no relief for American utility customers even though retail gas prices declined.

---

[5] Oliver Milman, "US Oil and Gas Production Set to Break Record in 2023 despite UN Climate Goals," *The Guardian*, November 27, 2023, sec. Environment, https://www.theguardian.com/environment/2023/nov/27/us-oil-gas-record-fossil-fuels-cop28-united-nations.

[6] Taproot Earth and Climate and Community Project, "We Choose Now: Energy Policy Playbook," https://taproot.earth/wp-content/uploads/23_05_04_WCN-ENERGY.pdf, May 2023, accessed December 6, 2023.

[7] "U.S. Exports of Crude Oil (Thousand Barrels per Day)," accessed December 9, 2023, https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCREXUS2&f=M.

[8] "Natural Gas Imports and Exports - U.S. Energy Information Administration (EIA)," accessed December 9, 2023, https://www.eia.gov/energyexplained/natural-gas/imports-and-exports.php.

[9] "Frequently Asked Questions (FAQs) - U.S. Energy Information Administration (EIA)," accessed December 6, 2023, https://www.eia.gov/tools/faqs/faq.php.

[10] "LNG Exports Have Raised Natural Gas Prices for U.S. Households," accessed December 7, 2023, https://ieefa.org/resources/lng-exports-have-raised-natural-gas-prices-us-households.

To prevent future price spikes driven by global considerations, banning the export of LNG, in addition to oil, would keep domestic gas domestic and ensure American resources benefit Americans.

Expand Current Federal Assistance Programs

Federal programs, such as the Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program (WAP), are crucial lifelines for struggling households. LIHEAP and WAP are critical to providing energy security to families across the country. Expanding these programs would provide vital support at a time when many more families are struggling to pay their energy bills.

LIHEAP provides assistance to over 6 million low-income families. But need far outweighs current programmatic funding. LIHEAP as currently funded can serve only less than a third of eligible households. If expanded, the program could be a true lifeline and provide more support. Fully resourcing the program would allow it to reach all the households that need assistance.

WAP is another energy assistance program that should be scaled up significantly. WAP provides crucial energy efficiency upgrades that can help households permanently lower their energy bills. According to the National Association for State Community Services Programs, weatherization can reduce heating bills by up to 30 percent and WAP recipients save nearly $300 per year on average.[11] Expanding WAP access and weatherizing all low-income housing would also make tremendous *structural* progress towards eliminating energy insecurity and poverty by reducing overall energy demand. Efficient homes have lower energy bills. And, weatherization not only lowers utility bills, it makes housing healthier and safer.

If cost is a concern, expansion of LIHEAP and WAP could be funded by repealing the tax credits and subsidies the oil and gas industry receive. Conservative estimates calculate that oil and gas companies currently receive $20 billion a year in financial subsidies.[12] These subsidies dwarf the amount allocated to LIHEAP—currently just $3.6 billion for FY 2024.[13]In 2022, the major oil companies made a record $219 billion in profits.[14] Instead of using those profits to lower costs for consumers, Big Oil paid shareholders a record $110 billion in dividends and stock buybacks.

[11] "LIHEAP and WAP: A Dynamic Duo for Reducing the Low-Income Energy Burden – NASCSP," accessed December 7, 2023, https://nascsp.org/liheap-and-wap-a-dynamic-duo-for-reducing-the-low-income-energy-burden/.
[12] "Fact Sheet | Proposals to Reduce Fossil Fuel Subsidies (2021) | White Papers | EESI," accessed December 7, 2023, https://www.eesi.org/papers/view/fact-sheet-proposals-to-reduce-fossil-fuel-subsidies-2021.
[13] "LIHEAP and WAP Funding | The LIHEAP Clearinghouse," accessed December 7, 2023, https://liheapch.acf.hhs.gov/Funding/funding.htm.
[14] Ron Bousso, "Big Oil Doubles Profits in Blockbuster 2022 | Reuters," February 8, 2023, https://www.reuters.com/business/energy/big-oil-doubles-profits-blockbuster-2022-2023-02-08/.

Big Oil does not need tax payer dollars to further subsidize its record profits. Reallocating the tax dollars lost to Big Oil would more than fund LIHEAP at the levels it needs to provide support to all struggling households.

Plan for and Advance a Managed Decline of Fossil Fuel Extraction and Use

Ultimately, the biggest threat facing vulnerable communities is unabated climate change and the continued use of fossil fuels. To protect these populations, we must phase out the use of fossil fuels. [15] Fossil fuels create heavily polluted hotspots, also called "sacrifice zones," where inhabitants are subjected to heavy air, water, and land pollution. The vulnerable populations that live in sacrifice zones also face health risks associated with such high levels of pollution exposure. Sacrifice zones are disproportionately located in communities of color and poor communities.

Even outside of sacrifice zones, fossil fuels pollute and cause harm. More than 12 million people face health burdens from living within half a mile of an oil or gas well or a fossil fuel facility.[16] Proximity to oil and gas sites has been shown to increase health conditions, such as asthma, cancer, and preterm birth rates.[17] Continued fossil fuel use places enormous health burdens upon workers and communities across the country and across the world.

In addition to the continuing health impacts, fossil fuels are the primary driver of the climate crisis. Without a fossil fuel drawdown, unabated climate change will lead to an uninhabitable planet. And, climate change is not a future concern-- we are already living in a changing climate. Moreover, energy insecurity and the climate crisis are inextricably linked. Climate change will exacerbate energy insecurity, particularly as occurrences of extreme heat and extreme cold continue to increase.[18] Among their many dangers, extreme heat and extreme cold cause spikes in energy demand that lead to higher utility bills. Extreme temperatures create dangerous conditions and households that cannot afford to adequate heat or cool their homes will face increased health risks, including heatstroke and exacerbation of pre-existing conditions.

There is already evidence that low-income households and households of color do not cool their homes to comfortable temperatures because of the high cost of air conditioning, assuming they can afford air conditioning in the first place.[19] The dangers of extreme heat are

[15] Timothy Q. Donaghy et al., "Fossil Fuel Racism in the United States: How Phasing out Coal, Oil, and Gas Can Protect Communities," *Energy Research & Social Science* 100 (June 1, 2023): 103104, https://doi.org/10.1016/j.erss.2023.103104.
[16] Zahara Hirji, "'Threat Map' Aims to Highlight the Worst of Oil and Gas Air Pollution," *Inside Climate News*, June 16, 2016, https://insideclimatenews.org/news/16062016/threat-map-aims-highlight-worst-oil-and-gas-air-pollution-cancer-epa-earthworks/.
[17] Jonathan J. Buonocore et al., "Air Pollution and Health Impacts of Oil & Gas Production in the United States," *Environmental Research: Health* 1, no. 2 (May 2023): 021006, https://doi.org/10.1088/2752-5309/acc886.
[18] Michelle Graff et al., "Climate Change and Energy Insecurity: A Growing Need for Policy Intervention," *Environmental Justice*, April 19, 2022, https://doi.org/10.1089/env.2021.0032.
[19] Shuchen Cong et al., "Unveiling Hidden Energy Poverty Using the Energy Equity Gap," *Nature Communications* 13, no. 1 (May 4, 2022): 2456, https://doi.org/10.1038/s41467-022-30146-5.

not limited to energy insecure households, though. Extreme heat also wreaks havoc on electricity grids.[20] Increased blackouts and grid instability affects everyone and continuing the use of fossil fuels will only further exacerbate these dangerous conditions.

To stave off the worst impacts of the climate crisis, we must have an energy transition away from fossil fuels to a renewable energy future. There is an abundance of research that shows how renewable energy will lower and stabilize energy prices[21] but I want to point to the testimony of Erin O'Neill, Chief Economist of Colorado's Public Utilities Commission.[22]In discussing the causes of the increase in utility bills during the Winter of 2022-2023, gas bills were identified as the main driver of high utility costs. O'Neill identified several other factors, including the cost of gas and the increased demand for gas due to a relatively colder Winter. Notably, however, investments and use of renewable energy were identified as not responsible for higher utility bills. In fact, "[T]o the extent Colorado has invested in renewable generation for electricity production, that has helped insulate electric bills from the impact of high and volatile gas commodity prices."

Phasing out fossil fuels will require substantial management and coordination.[23] Without a managed decline, we risk a chaotic transition that could lead to further economic and social instability. The volatility of energy prices is empirical evidence of how an unmanaged use of resources creates instability and insecurity. An orderly and managed decline of fossil fuel extraction and use can provide workers and communities a just transition to a carbon-free future. A timeline with set production reduction targets and resources for transition will provide stability and certainty for markets to adapt to decarbonization and provide stability and certainty for workers and communities to diversify economies and tax bases.[24]

---

[20] "Extreme Heat Makes Electricity More Expensive, More Polluting, and Less Reliable," The Equation, August 22, 2023, https://blog.ucsusa.org/john-rogers/extreme-heat-makes-electricity-more-expensive-more-polluting-and-less-reliable/.

[21] See e.g.Amol Phadke et al., "2035 The Report: Plummeting Solar, Wind, And Battery Costs Can Accelerate Our Clean Electricity Future," 2020, https://www.2035report.com/wp-content/uploads/2020/06/2035-Report.pdf; "North American Renewable Integration Study," accessed December 9, 2023, https://www.nrel.gov/analysis/naris.html.

[22] https://leg.colorado.gov/sites/default/files/images/puc_presentation_3.7.23.pdf

[23] Johanna Bozuwa et al., "Chapter 8 - Democratic Governance of Fossil Fuel Decline," in *Energy Democracies for Sustainable Futures*, ed. Majia Nadesan, Martin J. Pasqualetti, and Jennifer Keahey (Academic Press, 2023), 73–82, https://doi.org/10.1016/B978-0-12-822796-1.00008-5; Emily Grubert and Sara Hastings-Simon, "Designing the Mid-Transition: A Review of Medium-Term Challenges for Coordinated Decarbonization in the United States," *WIREs Climate Change* 13, no. 3 (2022): e768, https://doi.org/10.1002/wcc.768.

[24]For more research on what a just transition would entail, see: J. Mijin Cha, "A Just Transition for Whom? Politics, Contestation, and Social Identity in the Disruption of Coal in the Powder River Basin," *Energy Research & Social Science* 69 (November 1, 2020): 101657, https://doi.org/10.1016/j.erss.2020.101657; J. Mijin Cha and Manuel Pastor, "Just Transition: Framing, Organizing, and Power-Building for Decarbonization," *Energy Research & Social Science* 90 (August 1, 2022): 102588, https://doi.org/10.1016/j.erss.2022.102588; J. Mijin Cha, Madeline Wander, and Manuel Pastor, "Environmental Justice, Just Transition, and a Low-Carbon Future for California," *Environmental Law Reporter* 50 ELR 10216 (March 2020), https://elr.info/news-analysis/50/10216/environmental-justice-just-transition-and-low-carbon-future-california.

The federal government could go even further and build publicly owned renewable projects that would help provide more stable energy to the grid and reduce costs to consumers. As we see in the Building Public Renewables Act recently passed in New York state, it is easier to have more oversight and management of a public power authority than the private utility system. A blueprint for how the federal government could provide a public option for electricity can be found in the Climate and Community Project's *Building Public Renewables in the United States*, report.[25]

Conclusion

To conclude, I applaud the Representative's recognition of energy poverty and how it hurts communities across the country. In order to address the root causes of energy poverty and protect vulnerable households, the legislation should call for a ban on oil and gas exports, expand existing assistance programs, and plan for and advance a managed decline of fossil fuel resources.

Thank you for your time and consideration.

[25] Johanna Bozuwa et al., "Building Public Renewables in the United States" (Climate and Community Project, March 2023), https://www.climateandcommunity.org/public-renewables-in-the-us.