

Written Remarks
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“Examining the Biden Administration’s Limits on Access to the OCS: Impacts on Consumers, States, and Operators
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Chairman Stauber, Ranking Member Ocasio-Cortez, and Members of the Subcommittee, thank you for this opportunity to speak to you today on behalf of Consumer Energy Alliance and our membership of over 350 affiliates and 500,000 individuals that represent almost every portion of the American consuming economy - from small businesses, to farmers and ranchers, truckers, ports, labor, manufacturers, chambers of commerce, and, above all, American families.

Since its founding in 2006, CEA’s mission has been to advocate for affordable, reliable and environmentally sustainable energy development. We are an energy agnostic organization; we do not play the game of picking winners or losers. In fact, our view is that every energy source is a winner when it helps lower energy costs for American consumers.

Energy & Inflation

In the last few years, we’ve seen American families and businesses suffer greatly from record inflation, much of which can be attributed to rising energy costs. We’ve seen Americans at all income levels struggle to afford basic necessities, such as gas and groceries. Economists may find it useful to remove food and fuel from inflation statistics, but people can’t – so they feel the costs regardless.

During the gasoline price peak in June 2022, when average U.S. prices reached almost \$5 a gallon, a [Gallup poll](#) revealed that gasoline prices were causing financial hardship for 67% of Americans.

Higher diesel prices are often called a [hidden tax](#) on Americans because they are passed onto consumers through various surcharges and increased rates on goods. Retail diesel fuel prices reached almost \$6 per

gallon average in the summer of 2022. As little as a [one-cent increase](#) in the average price of diesel can add up to another \$350-\$370 million a year in fuel expenses across the trucking industry. The diesel price increase sent truck fleet expenses [soaring to \\$2.25 per mile](#) in 2022.

Not only did this put much of America's trucking industry at increased risk of bankruptcy, it trickled down to American families who paid nearly [6% more](#) for food in 2023 than in 2022.

Fuel and electricity account for about 15% of [U.S. farm operating costs](#), so every extra penny farmers pay to feed the nation ends up passed on to customers, be they restaurants or families stocking up for the week.

Higher fuel prices also lead directly to higher costs for manufacturing, production, packaging, and shipping costs, once again borne by the consumer in the form of higher shelf prices and inflation.

And because rural households tend to have higher travel expenses—simply because they travel [17%](#) more miles annually than urban residents – they are more likely to be negatively affected by increases in gas prices than urban households.

Low-income households are the most adversely affected by rising energy costs because these households disproportionately devote a [higher share of their spending](#) to food and energy, making them highly vulnerable to fuel price shocks. The average share of gasoline spending in lower-income households making less than \$50,000 rose to [9.5%](#) during the 2022 gas price peak. Average households at the same time spent 7.8%

Just last year, [52%](#) of Americans reported that they did not have emergency savings to cover unexpected increases in expenses due to inflation and rising energy costs. This only gets worse with higher energy bills.

Restrictions on natural gas and inadequate pipeline infrastructure have caused many regions of the U.S. to see dramatically higher electricity bills. For example, if a family is using 850 kilowatt-hours of electricity per month – the [U.S. average](#) – a one-cent (\$0.01) increase per kilowatt-hour would cost them an additional \$102 per year. Now imagine if bills rise by 10 cents a kilowatt-hour or more.

To underscore this point and the impact of energy policies that eliminate affordable and reliable energy choices, natural gas pipeline restrictions in the Northeast contributed to electricity bills that were forecast to rise by [as much as 64%](#), or by nearly \$1,500 a year for the average Massachusetts household.

Americans cannot continue to afford rising energy costs, whether they be at the pump or in their electricity bills.

Policies Harming Energy Prices & Reliability

Why have we seen drastic increases in energy costs in the past three years? And, why are we more likely to see higher prices and less reliable supply going forward?

Much of the reason lies in state and federal energy policies that, on their face are well-intentioned, but in reality, limit domestic energy supply, increase prices, make energy less reliable, and, ultimately, harm the very people that supporters of these the policies say they are meant to protect.

By removing reliable energy sources, such as natural gas and oil, and imposing regulations which force closures of critical energy infrastructure, policies can create a scenario in which there is not enough energy to keep pace with the energy demands that are inherent in a thriving economy like America's.

Then there is the unsupported claim that natural gas and oil can be removed from our energy mix, right now.

Oil and gas as sources of energy are going nowhere.

In 2010, petroleum and natural gas consumption as an energy source in the U.S. totaled [63%](#), with nuclear power and other sources making up the difference. However, in 2022, [72%](#) of U.S. energy consumption is comprised of oil and natural gas – an almost 10% increase - with renewables and nuclear accounting for the remainder. Oil and natural gas powers 84% of all the world's energy – down from 86% in 2002 – more than two decades ago. Oil accounts for 96% of all global transportation.

While it is vital that we continue to increase the use of wind, solar, nuclear and hydropower in our energy portfolio, the fact of the matter is that energy demand across the economy is increasing. This means more oil and gas demand, along with demand for other forms of energy.

Further, as we use more weather-dependent energy sources, our policies must ensure there is enough always-available power – from natural gas and nuclear – to keep the lights on when the wind or sun refuse to cooperate with our economic and electricity needs. . We must foster policies that allow energy choice and maintain a role for all energy resources for the foreseeable future – as we keep making progress toward cleaner energy and a smaller environmental footprint.

Since 2022, we have seen increased geopolitical conflicts, and Russia’s invasion of Ukraine has the greatest impact on energy prices. In the weeks since the Israel-Palestine conflict flared, we have seen [numerous attacks](#) on vital shipping lanes in the Middle East. Yet, aside from a few brief spikes, global oil prices have remained low – for a host of reasons related to global supply.

Just a few years ago, this kind of conflict would have sent the price of oil soaring. However, America’s position as the world’s biggest producer of oil and natural gas is now insulating us from that kind of volatility. Higher domestic production is helping thwart price shocks, which protects our national security and our economic security, by alleviating financial stress on American families, businesses and industry.

So why is this Administration attempting to stymie U.S. energy production?

For example, in the Gulf of Mexico, where energy production has been proven to be [less emissions-intensive](#) than much of the remaining world’s oil and gas basins, regulations both proposed and adopted by this Administration have effectively shut down prospects for future offshore oil and gas development in an area that accounts for [15% of total U.S. crude production](#). And, with the Gulf having an estimated [48 billion barrels of oil and 142 trillion cubic feet of natural gas](#) that has yet to be discovered, it is a huge long-term source of affordable, reliable and environmentally responsible energy.

It is literally the source of decades of security to power modern American life.

However, this Administration cheered for itself after issuing the [fewest number of oil and gas lease sales ever recorded](#) for exploration on the Outer Continental Shelf. This is a move that effectively signaled the closure of the Gulf of Mexico to energy development, without the introduction of any realistic plan to replace the Gulf’s reliable energy supply. This year, 2024, will be the first year in which an offshore oil and gas lease sale has not taken place since [1965](#).

In the last half of 2023, the Biden Administration and the Department of the Interior finalized its 2024-2029 National OCS Oil and Gas Leasing Program. This 5-Year Plan has only three potential lease sales

included. All three would potentially occur in the Gulf of Mexico, with zero sales in Alaska. The 5-Year Plan proposed by the Biden Administration has the least amount of lease sales in history, and, in fact, has an option that allows for zero lease sales. With the continuous price burdens on consumers, persistent inflation, the global market and geopolitical instability, this Administration continues to take shots at one of the most reliable basins in the world –the Gulf of Mexico.

While these moves have been made in the name of environmental progress, the Administration knows better. In fact, the leasing restrictions come despite the Administration’s acknowledgement in the 5-year plan knowledge that more leasing in the Gulf and Alaska will actually decrease greenhouse gas emissions.

So, why is the Administration limiting lease sales if holding them will actually decrease greenhouse gas emissions? The goal – as stated by the Administration - is to end oil and gas production in America.

However, continuing this gap in leasing for new resources or failing to issue supplemental federal permits on public lands and waters would force the U.S. to import from other countries that do not have the same global gold standard environmental regulations the U.S. does.

In another blow to offshore energy and overall commerce, last fall, activist groups used the [sue-and-settle tactic](#) with the federal government to [impose harsh vessel restrictions on Lease Sale 261](#), which would have made it nearly impossible to transport oil and gas in the Gulf. This was done to preserve the Rice’s whale, which, as of today, has [not been scientifically proven to migrate](#) into areas of the Gulf considered for leasing.

Although the specific Lease Sale 261 restrictions were [struck down by the Fifth Circuit Court of Appeal](#), the National Marine Fisheries Service introduced a [rulemaking](#) to designate 28,000 additional square miles across the Gulf of Mexico as additional critical habitat for the Rice’s whale under the Endangered Species Act. Currently, critical habitat only exists for the Rice’s whale’s proven home in an area off the coast of Pensacola, Florida, where it has been sighted and proven to exist.

Further, even the National Oceanic and Atmospheric Administration has declined to impose the restrictions NMFS has proposed in this rulemaking, regardless of its outcome. Instead, NOAA [vowed to introduce](#) recovery plans and other nonregulatory management policies for the whale species.

What is clear – and perhaps NOAA recognizes this – is that a proposed rule to greatly expand the whale’s habitat would have a chilling impact on the entire U.S. economy and consumers, placing severe transit

restrictions on all cargo vessels, cruise ships, commercial fishing boats, barges and equipment vessels, and ships carrying commercial goods, medicines, automobiles, and essential commodities. The economic ripple effect will be felt across the entire U.S. economy, hurting families and businesses already struggling with inflation.

Nearly [69%](#) of all goods traded by the U.S. are transported via waterways, predominantly by seafaring vessels. A significant number of these waterways connect to the Mississippi River, and thus rely on the Gulf of Mexico for transport. For example, [92%](#) of our agricultural exports originate from the Mississippi River Basin. Ships transport over [41%](#) of the total value of goods traded by the U.S, meaning that, if you quantify the value of all goods both exported and imported by the United States, almost half of it was transported by ship. Gulf of Mexico ports supply the lifeblood that fuels our economy, all of which would be affected by the Rice's whale proposed rulemaking.

Texas ports rank first in U.S. maritime commerce, annually trafficking over [597.5 million tons of cargo](#) to the rest of the country. Alabama's Port of Mobile is the [fastest-growing](#) container terminal in the United States over the past five years, with 54.9% volume growth since 2017. The strategic location of Mississippi's ports allows [distribution of products to 75 percent of the U.S. market](#) within 24 hours.

The end result of the Rice's whale rulemaking could remove up to 25% of all U.S. waterway commerce. The increased costs and effects on supply chains and American consumers would be catastrophic.

Examples of Restrictive Energy Policies & Their Impacts

Across the country, we are already seeing real-world examples of how restrictive energy policies are hurting families and businesses. A cursory assessment should call into question continued efforts to curtail energy development in the Gulf of Mexico.

For example, what has happened in states where functioning energy systems have been banned or restricted by poor government policy?

- In California, ambitious plans to eliminate certain energy sources have run head-first into the reality that we need all the energy we can get. Energy prices are one of the main economic factors making California's cost of living increasingly untenable. The cost and reliability of energy are cited as primary reasons more and more [companies and people are leaving the Golden State](#). Today, we see Californians paying [\\$1.60](#) more per gallon for gasoline than the [national average](#); as much as [\\$0.30](#)

more per kWh of electricity than the [national average – that’s thousands of dollars more a year](#). On top of this, California residents are already paying 17% more for food and 10% more for goods and services than the [national average](#).

- Further, California’s electricity is becoming increasingly unreliable – making blackouts more likely and frequent – all because California is not creating sufficient “permanent power” (more commonly known as baseload power or dispatchable power), like natural gas or nuclear as back-up when wind and solar are not available. For example, in 2022, California Governor Gavin Newsom called for [electric vehicle charging limits](#) in attempt to conserve power during a heat wave. Governor Newsom also [delayed closure of several natural gas-fired power plants and called for expedited generation](#) to avoid blackouts, despite a state law mandating 60% of electricity from renewables by 2030. Due to high electricity demand and lack of adequate infrastructure, California [imports more electricity](#) than any other state. This has resulted in higher utility bills for California families.
- In Washington State, a plan to lower gasoline consumption immediately increased the state’s pump prices to among the [highest in the nation](#). This means the average driver in Washington is paying [\\$1.00](#) more than the national average; and [\\$0.90](#) more than drivers in neighboring Idaho.
- In its [Short-Term Assessment of Reliability](#), the New York Independent System Operator (NYISO), the entity responsible for managing New York’s electricity grid, found that New York City faces up to a 446 MW capacity shortfall in the summer of 2025 largely due to a lack of new power capacity, and a failure to add or expand pipeline infrastructure. For context, that shortfall could mean that [335,000 New Yorkers](#) could be without power.
- In its Energy Transition in PJM [Report](#), the regional transmission organization responsible for serving all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia determined that “it is possible that the current pace of new entry would be insufficient to keep up with expected retirements and demand growth by 2030.” The demand growth, estimated at 1.4% annually for the next 10 years—mainly due to electrification policies and the addition of large energy consumers like data centers. As FERC Commissioner Mark Christie noted in his May 2023 testimony before the Senate Energy and Natural Resources Committee, “The problem generally is not the addition of intermittent resources, primarily wind and solar, but the far too rapid subtraction of dispatchable resources, especially coal and gas.”
- It should be noted, the NYISO and PJM assessments were done before offshore wind projects were cancelled in [New York](#), [New Jersey](#) and other states.

All this shows that restricting energy is starting to carry a high potential for political blowback, related directly to the actual cost increases these kinds of policies impose on voters, families and businesses. We're all still feeling the effects of inflation, and not a single voter is fooled when inflation reports exclude the energy and food prices they pay every day.

We should all be suspicious of attempts to ban any form of energy without first investigating whether innovation and technology can improve its environmental footprint. So often, our nation has met its great challenges with innovation, technological leaps and practical, focused efforts.

Energy & Environment

One of the biggest questions we must consider is whether the restrictions on energy sources made in the name of the environment are actually producing the desired result. Consumer Energy Alliance has long advocated for the need for policies that advance affordable, reliable and environmentally responsible energy. Data continues to prove that these three goals can be met simultaneously; and that the U.S. is already showing its global leadership.

More broadly, from 2005 to 2020, U.S. greenhouse gas emissions declined by almost 19%, while worldwide GHG emissions increased by over 18%.

Further, the U.S. is aggressively tackling the need to reduce other harmful – potentially cancer-causing emissions. For example, from 1990 to 2022 the U.S. reduced its emissions of critical pollutants.

- Carbon monoxide (CO) decreased 69%
- Course particulate matter (PM₁₀) decreased 28%
- Fine particulate matter (PM_{2.5}) decreased 30%
- Volatile Organic Compounds (VOC): decreased 52%
- Sulfur Dioxide (SO₂): decreased 93%
- Nitrogen Oxides (NO_x): decreased 66%

Combined, our overall environment is far cleaner today than it has been in the past 10, 20, or 50 years. Much more remains to be done, and we all must ensure that environmental improvement gets the critical attention it deserves, and that technological innovation helps us find a path that does not harm families.

Further, the Inflation Reduction Act solidified the financial mechanisms to advance Carbon Capture & Storage. This old technology now has a solid business footing that will be a catalyst to remove CO₂

emissions from industrial processes like steel and plastics manufacturing at scale, offering even more help toward meeting our shared environmental goals.

Restrictive energy policies like those imposed recently on Gulf of Mexico oil and natural gas production are not advancing our environmental goals in a meaningful way. They are, however, hurting our economy, the wallets of families all across the nation, as well as increasing the probability of greater blackouts.

The question is how do we increase the availability of affordable, reliable energy while improving our environment?

The answer is simple. America must keep leading the way.

We are producing record amounts of natural gas and oil and doing it more responsibly than any other country. While China gets cheers at global conferences for promising to start reducing emissions, America has produced the largest emissions reductions of any nation for two decades.

Accept no substitute for American ingenuity, innovation and leadership. All three are crucial ingredients to our nation's longstanding prosperity and unmatched standard of living.

Thank you for this opportunity to speak to you today. I look forward to your questions.