

Committee on Energy and Commerce

**Opening Statement as Prepared for Delivery
of**

Subcommittee on Oversight and Investigations Chair Diana DeGette

Hearing on “Gouged at the Gas Station: Big Oil and America’s Pain at the Pump”

April 6, 2022

Americans today are facing extraordinarily high gas prices at the pump.

The average price of a gallon of regular gasoline one year ago was under \$3 dollars.

Today, the average is over \$4 dollars a gallon, and in some places nearly 6 dollars a gallon.

These prices are straining our constituents’ budgets and their patience.

Today, we will hear from the heads of some of the nation’s largest oil companies—companies that are making record profits-- who will, hopefully, shed some light on why Americans are paying record high prices for gasoline – and what they can do to bring down those prices as quickly as possible.

This committee understands that this is a complicated issue. It’s often stated that oil is a global commodity and its price is determined by the global marketplace. We don’t dispute that.

But the price of oil, alone, is not what’s alarming many of us on this panel – it’s the price at the pump.

When Russia’s brutal invasion of Ukraine began on February 24, the cost for a barrel of oil was \$102 and the price that Americans were paying at the pump was \$3.70 a gallon. Today, the price of oil is again back at \$102, but – for some reason – Americans are now paying \$4.20 for a gallon of gas.

This chart shows the recent disconnect between the price that companies are paying for oil and the price that American consumers are paying at the pump.

It shows that as Russia’s invasion of Ukraine began, both the price of oil and the price at the pump began to rise. It shows that on, or around, March 7, the price of oil peaked at nearly \$130 a barrel while the price of gas hit \$4.20 a gallon. But, then it shows that while the price of oil has dropped significantly from its peak, the price that Americans are paying at the pump has not.

One of the things we want to understand from our witnesses here today is: Why?

We understand that oil is a global commodity whose price is determined by the global marketplace.

We understand the COVID-19 pandemic threw that global marketplace into disarray.

And, we understand Vladimir Putin's senseless, vicious invasion of Ukraine has further reduced the world's oil supply as more and more companies are unwilling to buy Russian oil – and rightly so.

But if the price of gas is driven by the global market, why is the price of oil coming down but the price the price at the pump is still near record highs?

If it's an issue of supply and demand, wouldn't that be reflected in the global price of oil as well? Something doesn't add up.

Some of our witnesses today have stated publicly that their focus is not on helping Americans families or on fueling America's economy – it's enriching their shareholders.

It's that type of focus that led these six companies, alone, to collectively report over \$75 billion dollars in profits last year. When oil companies are being honest about why they haven't increased the supply of oil, they say that it's pressure from their shareholders, not government regulation, that's holding them back.

One of our witnesses today even told the media it wouldn't matter if crude were as high as 200 dollars a barrel—they simply weren't going to produce more than they'd already planned to.

But it's not just about the shareholders: the American people, whom we represent, provide the industry with more than \$30 billion dollars a year in subsidies while the oil and gas companies report record-high profits and while American families are forced to pay record-high prices at the pump.

This committee is not going to sit back and allow this system, which forces American taxpayers to pay oil companies out of both pockets – first at the pump and then again through tax breaks – to continue in its current form.

The Biden administration announced last week that it is taking several, substantial steps to help alleviate the price that Americans are being forced to pay at the pump – including by releasing up to 1 million barrels of oil per day from the Strategic Petroleum Reserve.

And, now it's time for Congress to do whatever it can to help alleviate the pain that too many Americans are feeling at the pump.

If this crisis has shown us anything, it's why we, as a country, must work to break our addiction to oil as quickly as possible.

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And it's reinforced the urgent and existential need to transition to a more sustainable energy future.

For the sake of our economy, our environment and our national security, we must work as quickly as possible to transition toward a clean-energy future.

I want to thank the witnesses for appearing today, and I want to invite them to be a part of the solution to lower gas prices—now.