

# Exhibit 13



CONGRESS

# House GOP's energy bill hitting the floor amid market volatility

Global influences limit the domestic price impact of U.S. energy policies



"The main goal is to lower energy prices," House Natural Resources Chairman Bruce Westerman, R-Ark., said in a recent interview. "But there's some benefits that come along with that, like energy security and also national security. And in the process of that, you get economic growth in the U.S." (Bill Clark/CQ Roll Call file photo)



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House Republicans are pitching legislation cued up for a floor vote this week as a salve to high gasoline and electric costs, though it remains hazy how quickly and aggressively the measure would lower prices.

The bill contains no obvious provisions to help consumers, like direct subsidies or tax credits. Instead, Republicans said they hope to spur domestic oil and gas production, which they contend would lower prices and have some knock-on benefits.

“The main goal is to lower energy prices,” House Natural Resources Chairman [Bruce Westerman](#), R-Ark., said in a recent interview. “But there’s some benefits that come along with that, like energy security and also national security. And in the process of that, you get economic growth in the U.S.”

The package would accelerate the permitting process under the National Environmental Policy Act, require more oil and gas lease sales, eliminate climate programs at the EPA and speed approval of liquefied natural gas, or LNG, exports, among other provisions.

[\[With US fossil fuel production up, GOP would step on the gas\]](#)

The House Rules Committee is scheduled to meet at 3 p.m. Monday to consider the bill, which the Congressional Budget Office estimated would cut deficits by \$11.6 billion over the next five years but increase them by \$2.3 billion over a full decade. As of Friday, 147 amendments had been filed.

To have any shot at achieving their policy aims, Republicans will need to convince Democrats of the merits. The measure is not expected to draw much, if any, Democratic support in the House, and Senate Majority Leader [Charles E. Schumer](#), D-N.Y., has said the bill is “dead on arrival” in his chamber.

The White House on Monday said in a [statement of administration policy](#) that it strongly opposes the bill, saying it “would raise costs for American families by repealing household energy rebates and rolling back historic investments to increase access to cost-lowering clean energy technologies.”

If enacted, the bill wouldn’t lead to immediate new oil production, but it could quickly lower prices because oil operates in a futures market, House Majority Leader [Steve Scalise](#), R-La., said in an interview. Higher oil output in the U.S., where companies rather than government agencies produce oil, is a cudgel against OPEC, the bloc of oil-producing nations, where countries with the largest reserves like Venezuela and Saudi Arabia can control supply to set higher prices, he said.

“So by saying America is open for business again, the prices will go down quickly because everybody will know that OPEC countries can’t control the supply anymore,” Scalise said.

In addition to OPEC, which holds about 80 percent of the world's proven oil reserves, gasoline prices in the U.S. are subject to regional distribution differences, weather disturbances, refinery outages and global crises, like war.

For example, after the lone petroleum refinery in Colorado shut down in December because of cold weather, gasoline prices rose 51 percent in the state and 27 percent in the region. The shutdown caused the region to pull from refineries out of state, escalating prices, which climbed by \$1.39 per gallon from Dec. 26 to Feb. 20, reaching \$4.10 per gallon.

Electricity prices were also volatile last year, according to the Energy Information Administration, driven in part by extreme weather, including the January cold temperatures in New England and heat waves across Texas in July and the West in September.

Republicans' legislation wouldn't account for such market variables. There are also global influences that limit the impact of U.S. policies.

“Because energy prices are shaped primarily by global developments and not by U.S. monetary policy, there is a lot of uncertainty about the future course of energy inflation,” Philip Jefferson, a member of the Federal Reserve Board of Governors, said at Harvard University last month.

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Jefferson said energy costs jumped after Russian troops invaded Ukraine last year but have fallen noticeably in more recent months.

After Russia invaded Ukraine, the Biden administration directed the sale of oil from the country's reserve — the main lever American presidents can use, beyond jawboning oil markets, to make a difference in near-term oil prices.

## Repealing methane fees

Another provision of the bill Republicans say could have an immediate impact on prices is repealing a fee from Democrats' 2022 climate law that would charge fossil energy companies for their methane emissions: \$900 per metric ton and \$1,500 after two years.

Scalise said electric utilities are passing on the cost of the methane fee — despite the fact that the EPA has not implemented the fee, nor has it begun enforcing a separate regulation about methane leakage from oil and gas sites. The fee is scheduled to take effect next year.

“Families today are paying double-digit increases higher for their electricity costs in part due to those kinds of taxes,” he said. “So it’s hitting lower-income families in the gut at a time when they’re already paying too much for everything.”



The tax on methane, a highly potent greenhouse gas that warms at a rate 80 times greater than carbon dioxide, drew support from BP, Occidental and Shell. Writing about the methane fee in a Shell blog post, Chris Egby, a company official, said the law “presents an opportunity to industry and other companies, because it promotes extra investment in tools and solutions that will make it easier for them to meet their methane targets.”

## Long-term benefits

The provisions designed to spur domestic oil production, like cutting royalties that companies pay to extract fossil fuels from federal land and accelerating the approval of federal permits for construction projects, are what Republicans predict will have the most impact on longer-term prices.

Among other changes, Republicans would narrow the scope of Section 401 within the Clean Water Act — a statute that requires projects that might release pollutants to get approval from an affected state or tribe — to specify that projects cannot be denied permits for reasons unrelated to a water quality issue.

Rep. [David Rouzer](#), R-N.C., who wrote the provision, said the new language would apply to any project but that existing law has been “more predominantly weaponized” against oil and gas.

“Time is money, and the burden and the cost grows exponentially with additional time,” Rouzer said. “And that’s all transferred to customers that utilize fossil fuels for their vehicles, for heating their homes, et cetera.”

Republicans said another way their bill would lower costs is through several provisions designed to spur domestic mining capacity, which would help produce critical minerals needed to make batteries and chips that are used to make consumer products like cellphones, computers and even electric vehicles.

“These minerals are critical to basically every aspect of our economy,” Westerman said. “You start getting into the chemical business as well. And people think of oil and gas as fuel in your car. But there’s so many things that are made from petroleum other than just fuel. I was in an automotive tire plant in my district ... and they bring in truckloads of chemicals every week that are derived from petroleum products.”

## LNG conundrum

At least one provision of the bill may lead to higher electricity costs. The measure would lift restrictions on the export of LNG.

In the years after the U.S. became a natural gas heavy-hitter on the world stage following the fracking boom of the mid-2000s, the country had ample gas stocks and generally low and stable natural gas. That changed as the country began building new export terminals to send LNG overseas.

As the war in Ukraine has raged, Europe has become the primary destination for U.S. exports of LNG, increasing 141 percent last year versus 2021, according to the EIA, while exports to Asia from the U.S. fell 46 percent during that time frame.

Mark Dyson, managing director of the carbon-free electricity program at RMI, an independent research nonprofit, said in an interview that gas prices have jumped around in recent years.

“The invasion of Ukraine has tightened global markets, and in particular, the United States’ response has been to ramp up export of natural gas through liquefied natural gas facilities in the United States, which has the effect of driving up prices domestically,” Dyson said. “With more LNG export facilities coming online over the next few years in the United States, that higher price point and that volatility are likely to persist.”

Harsh winter weather events — like the Texas winter storm of 2021, when much of the state lost power — has increased demand for and costs of natural gas, Dyson said.

“Those combined to drive up the price dramatically in a bunch of different events over the past few years,” he said.

Natural gas fuels about 40 percent of electricity nationwide, so as prices for gas have risen in recent years, those increases have appeared on consumers’ utility bills.

Regional constraints on gas transmission, pipeline failures and scarcity of gas have also increased prices in the U.S., said Dyson, singling out Western states in particular. And in California, costs to mitigate wildfire are folded into electricity bills, Dyson added.

The GOP effort to increase LNG exports could lead to further volatility and price increases.

But overall, Republicans think the package would lower costs, while pledging their work on the matter isn't done.

The bill “is a first start in the energy push for this Congress to try to lower prices, make electricity and energy itself affordable, reliable and secure for this nation,” said Rep. [Jeff Duncan](#), R-S.C., who sits on the Energy and Commerce Committee and chairs a subcommittee with jurisdiction over large portions of the bill.

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