

**June 19, 2020**

**To:**

**From:**  David Crow, Laurie-Ann Flanagan, David Beaudreau

**Re: Subcommittee on Energy Hearing: "Reviving our Economy: COVID-19's Impact on the Energy Sector"**

On Tuesday June 16th, the House Subcommittee on Energy had a hearing to discuss COVID-19’s impact on the energy sector and potential solutions to the economic issues caused by the pandemic.

**Members Attended:**

Chairman Bobby Rush (D-IL)

Ranking Member Fred Upton (R-MI)

Representative Frank Pallone Jr. (D-NJ)

Representative Robert Latta (R-OH)

Representative Cathy Rodgers (R-WA)

Representative John Sarbanes (D-MD)

Representative Jerry Mcnerney (D-CA)

Representative Pete Olson (R-TX)

Representative Paul Tonko (D-NY)

Representative David McKinley (R-WV)

Representative Dave Loebsack (D-IA)

Representative Adam Kinzinger (R-IL)

Representative G.K. Butterfield (D-NC)

Representative H. Morgan Griffith (R-VA)

Representative Peter Welch (D-VT)

Representative Bill Johnson (R-OH)

Representative Kurt Schrader (D-OR)

Representative Larry Buschon (R-IN)

Representative Ann Kuster (D-NH)

Representative Bill Flores (R-TX)

Representative Joe Kennedy (D-MA)

Representative Richard Hudson (R-NC)

Representative Robin Kelly (D-IL)

Representative Tim Walberg (R-MI)

Representative Nanette Barragán (D-CA)

Representative Tom O'Halleran (D-AZ)

Representative Marc Veasey (D-TX)

**Opening Statements:**

Chairman Rush used his opening statement to discuss the widespread effects of the pandemic and its disproportionate impact on minority and low-income communities. Next, he spoke about the impacts within the energy sector, noting the loss of 1.3 M jobs, stalled projects due to shelter-in-place instructions, and the ramifications of those losses. He stated that the clean energy industry, which has been the hardest hit within the energy industry, was growing 70% faster than the rest of the economy prior to the outbreak of COVID-19 and should be targeted to revitalize the economy. He mentioned a bill that he cosponsored along with Chairman Pallone to provide $90 B in relief funds for various energy projects.

Ranking Member Upton similarly spoke about the importance of reviving the economy in the coming months, stating that the CARES Act should be used as a springboard for the medium and small businesses, and that the committee should address any regulatory obstacles that are preventing them from getting back to work.

Representative Pallone stated that while some 40 M Americans have lost their jobs to COVID-19, the clean energy industry employs 3.4 M people, and that it is crucial to sustain that workforce and mitigate layoffs. He called for certainty with regard to clean energy tax credits and extensions to their refundability options to give companies relying on them flexibility. Lastly, he called for increased racial diversity within the energy industry.

Representative Lotta used his time to address the vulnerability of the nation’s supply chains for both medical and energy production pipelines. He lamented the tremendous loss of life and the economic damage imposed by COVID-19, then yielded the remainder of his time to Representative Rodgers.

Congresswoman Rodgers stated that the focus needs to be on sustainable, efficient, and pragmatic policy. In order to maintain a globally dominant stance and protect the United States’ IP, human rights, and environment, she stated that Congress needs to lift burdensome, outdated regulations which stifle domestic innovation so that the industry can invest in American solutions.

**Witnesses:**

* **Dr. Ernest J. Moniz,** President & CEO, Energy Futures Initiative
  + Former Secretary of Energy Dr. Moniz began his statement by endorsing the ideas motivating the Green New Deal, mentioning EFI’s proposed Green Real Deal which emphasized practicality rather than ideology. He mentioned the underrepresentation of both women, minorities, and veterans within the energy sector, signaling that those demographics should be targeted as companies begin to rehire. Discussing future areas of investment, he emphasized the necessity of energy-jobs creation, noting that the electricity storage industry in particular should be prioritized due to the lack of broad time-scale options currently available.
* **Mr. Greg Wetstone,** President & CEO, American Council on Renewable Energy (ACORE)
  + Mr. Wetstone began his statement by identifying similarities between the current economic crisis and the 2009 recession, stating that the private sector of renewable energy saw $430 B in investment and $56 B in public investment last year alone. He stated that innovations within the energy sector greatly contributed to solutions in 2009-2010, and similar efforts should be pursued this time around. He noted that initiatives undertaken by Secretary Mnuchin provided a helpful start and called on congress to build on them by offering temporary refundability for tax credits and delaying the scheduled phase down of existing credits.
* **Mr. Rich Powell**, Executive Director, ClearPath
  + Mr. Powell used his testimony to discuss the impact of COVID-19 on the energy industry and recommend policy solutions to restart the energy economy. He noted the 6% decrease in CO2 emissions since shelter-in-place guidelines were enacted, the need for reliable electricity, and the need for competitive, clean solutions as China increases the volume of their coal plants without carbon-catch technology. He affirmed the need for increased innovation to put tens of thousands back to work, the need for reforms to NEPA and other regulatory guidelines, the need for increased incentives to reach carbon net-zero by mid-century, and lastly, the need to export proven technology to new clean energy markets and rapidly developing countries.

**Questions:**

Ranking Member Upton asked Secretary Moniz what the challenges of maintaining electricity use and supply during a pandemic are. He responded that electricity is the local infrastructure for everything else and that there needs to be a comprehensive plan to examine how to provide utility services in terms of liquidity as the current responses from workers maintaining the supply have been extraordinary. Upton asks Mr. Powell what the forthcoming policies should consider in terms of affordability, renewability, and longevity. He answered that reliable, steady, on-demand supply of energy to businesses should be a priority. Secretary Moniz added that developing countries will not have solutions to COVID until there is a global solution.

Representative Pallone asked Secretary Moniz how crucial federal investment in renewables will be moving forward. Citing the ERA program from 2009, stimuli for clean energy and Department of Energy lending programs which supported the first 5 utility solar programs, Moniz explained how the federal relief efforts will drive innovation that is crucial for both the current economic circumstances as well as the carbon net-zero goals. He asked Mr. Wetstone how important federal tax credits will be moving forward. Wetstone responded that they are proven to promote economic growth, and that due to the already-constrained tax credit market, the phase-out deadlines should be extended in light of damages to the marketplace caused by COVID.

Representative Latta asked Mr. Powell how the energy industry’s supply chain has struggled and innovated in light of the pandemic. Powell mentioned that many globalized supply chains rely almost entirely on China for materials, signaling the need for increased diversity.

Representative Sarbanes asked Secretary Moniz to speak to the value of investing in energy infrastructure for grid modernization. Secretary Moniz urged for investment in high voltage transmission mechanisms as renewable resources are not close enough to the regional demand centers. He hinted at the optimization to come from embedded IT integration systems in these distribution networks which would unless a lot of entrepreneurial activity.

Representative Rodgers asked Mr. Powell to speak to the uncertainty caused by regulations and asked whether or not federal subsidies can make up for the losses incurred by regulatory barriers. Mr. Powell gave the example of the dam relicensing process when can take up to a decade, dissuading plants from pursuing relicensing, and therefore jeopardizing a third of all hydropower. He noted that in the next three decades, a transition to clean energy and carbon net-zero requirements will require the industry to build twice as fast as it did in the last thirty years which is impractical under the current regulatory climate.

Representative McNerney asked Secretary Moniz to speak to the potential for deep offshore wind power. He responded that they must be licensed and demonstrated, and that the supply chain needs to be advanced in order to meet the demands for this “industry of the future.” He asked about the potential for new industries in storage and nuclear energy. Moniz said that development of storage for seasonal periods will be crucial and that the United States’ nuclear fuel manufacturing capacity needs to be upgraded in order to allow for growth in the industry. He voiced his excitement about the potential for small modular- and micro-reactors if the nuclear fuel supply-chain scales appropriately.

Representative Tonko asked Secretary Moniz what made possible the economic growth observed following 2009. Moniz spoke to the success of the loan program which drove solar utility, ERA funding for innovation challenges through university research programs, and significant investments throughout emergent technologies in the energy sectors.

Representative Loebsack asked Mr. Wetstone to elaborate on the unique challenges rural renewable energy communities are facing. Mr. Whetstone noted that the wind sector is subject to the same supply chain disruptions, social distancing requirements, and permitting/regulatory obstacles. He stated that there is a lack of financing provisions for monetizing the existing tax credits so that projects can move forward, and that the period for the 60% value production tax credit should be extended so that companies can actually take advantage of them.

Representative Griffith asked Mr. Powell how the U.S. can facilitate use of new clean coal and carbon capture tech around the world. Powell noted that permits are needed to advance existing coal plant technologies and that increased demos of new technologies brings down costs and reduces regulatory hurdles.

Representative Schrader asked Mr. Powell about the practicality of becoming 100% renewable. Mr. Powell responded that it is not practical due to the industry’s limited ability to store electricity over time since it typically needs to be consumed in the same second that it is produced. He mentioned the need for flexible, zero-emission sources to supplement regionally constrained sources like wind and solar.

Representative Flores asked Mr. Powell to speak to the need for more test-fuel for nuclear reactors. Powell suggested creation of a public-private consortium to create the supply for payload and the possibilities of downgrading weapons-grade uranium to civilian use. He said that until there is a sufficient supply-chain for fuel, companies will remain apprehensive about investing in enrichment capacities and reactors.

Representative Barragán asked Secretary Moniz what the U.S. needs to do to achieve 95% clean energy by 2035. Moniz responded that investors will have to focus on electricity, but also the all-of-the-above approach mentioned in his written testimony which includes storage at broader time scales, creation of a domestic carbon-capture and storage (CCS) industry, small nuclear options, and CO2 removal from the ocean and atmosphere in order to reach net-zero.

Representative Veasey asked Secretary Moniz why investing in public buildings is important. Moniz noted that since most public buildings are vacant due to shelter-in-place recommendations, they can be easily outfitted with newer technologies which keeps people at work, saves money through new efficient measures, and is better for the environment as well.

The hearing record will remain open for 15 days after the date of the hearing.