

**GOOD FOR BUSINESS: PRIVATE SECTOR
PERSPECTIVES ON CLIMATE ACTION**

HEARING
BEFORE THE
**SELECT COMMITTEE ON THE
CLIMATE CRISIS**
HOUSE OF REPRESENTATIVES
ONE HUNDRED SEVENTEENTH CONGRESS

FIRST SESSION

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GOOD FOR BUSINESS: PRIVATE SECTOR PERSPECTIVES ON CLIMATE ACTION

WEDNESDAY, OCTOBER 20, 2021

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON THE CLIMATE CRISIS,
Washington, DC.

The committee met, pursuant to call, at 1:29 p.m., in Room 210, Cannon House Office Building, Hon. Kathy Castor [chairwoman of the committee] presiding.

Present: Representatives Castor, Bonamici, Brownley, McEachin, Casten, Graves, Palmer, Carter, Miller, and Gonzalez.

Ms. CASTOR. Committee will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any time.

As a reminder, members participating in a hearing remotely should be visible on camera throughout the hearing.

As with in-person meetings, members are responsible for controlling their own microphones. Members can be muted by staff only to avoid inadvertent background noise.

I would like to remind members that per guidance of the Attending Physician, on July 27, members, staff, and all others physically present in an indoor U.S. House of Representatives space, including a hearing room, are required to wear a mask unless they are seeking, or are under recognition of the chair.

In addition, statements, documents, or motions must be submitted to the electronic repository, to sccc.repository@mail.house.gov.

Finally, members or witnesses experiencing technical problems should inform committee staff immediately.

Well, good afternoon, everyone. Welcome to our committee meeting, Good for Business: Private Sector Perspectives on Climate Action.

Today, we will hear about business action to fight the climate crisis, and I ask unanimous consent for member——

SPEAKER. This meeting is being recorded.

Ms. CASTOR. That is good.

I ask unanimous consent for member opening statements and question periods to be limited to 3 minutes because of votes on the floor.

Without objection, so ordered.

I now recognize myself for 3 minutes to give an opening statement.

Welcome again to our outstanding panel of witnesses.

The climate crisis has had a brutal impact on our nation this year. Not only did we experience the hottest month on record this summer, we have also had more disasters 9 months into this year than in any other year in our history. We have suffered 18 climate fueled major disasters in 2021, and that has left us with a price tag of over \$104 billion in damages, and it is often working families and communities of color that—who shoulder the cost.

Climate change is also harming America’s businesses. Extreme weather events increase uncertainty and instability for workers and entrepreneurs, many of whom are one disaster away from losing their livelihoods.

A growing number of companies are taking matters into their own hands, but they cannot do it alone. It is time to chart a better path, and build a more equitable and resilient economy.

The right climate investments can create millions of good paying jobs, protect small businesses, and ensure prosperity across America. And, with the help of America’s business leaders, we can make sure this progress is good for both our climate and our economy.

Here is the thing: solving the climate crisis will be good for business. That is why car manufacturers are doubling down on electric vehicles, and utilities are investing in renewables. America’s top business leaders understand that embracing sustainability will help them attract talent and deliver innovative products, which is why more companies are taking action to be part of the solution as we lead global markets towards a clean energy future.

Hundreds of global companies have already started setting targets to reduce their corporate emissions, and over 100 companies have goals to eventually run entirely on clean energy. Some major businesses are already at that point, running their facilities on 100 percent clean energy, and others, like those represented by our witnesses here today, are doing their part to put us on the right path.

We are also seeing the world’s leading investors take action. Just this week, the Ford Foundation announced it will stop investing in fossil fuels, and, instead, focus its energy portfolio on renewables. More than 30 other large investors have committed to invest only in companies with targets to reach net zero emissions by 2050, and a global financial alliance to deliver on the promises of the Paris Agreement by leveraging more than \$70 trillion in assets, these investors understand that climate action is good for business.

Moving our economy toward clean energy is an economic imperative. We know climate progress means millions of good paying jobs. It also means increased innovation, boosted cost savings, and improved investor confidence. So I look forward to today’s discussion.

**Opening Statement of Chair Kathy Castor
Hearing on “Good For Business: Private Sector Perspectives on
Climate Action”
Select Committee on the Climate Crisis
October 20, 2021**

As prepared for delivery

The climate crisis has had a brutal impact on our nation this year. Not only did we experience the hottest month on record this summer, we’ve also had more disasters nine months into this year than in any other year in history. Our communities have endured an unprecedented 18 major disasters in 2021, including severe storms, historic floods, raging wildfires, and record-breaking heat waves. These disasters

have been costly, leaving behind over \$104 billion in damages. And it's often working families and communities of color who shoulder the costs.

Climate change is also harming our nation's businesses. Extreme weather events increase uncertainty and instability for workers and entrepreneurs, many of whom are one disaster away from losing their livelihoods. A growing number of companies are taking matters into their own hands, but they cannot do it alone. It's time to chart a better path and build a more equitable and resilient economy. The right climate investments can create millions of good-paying jobs, protect small businesses, and ensure prosperity across America. With the help of America's business leaders, we can make sure this progress is good for both our climate and for our economy.

Here's the thing: solving the climate crisis will be good for business. That's why car manufacturers are doubling down on electric vehicles and utilities are investing in renewables. America's top business leaders understand that embracing sustainability will help them attract talent and deliver innovative products. Which is why more companies are taking action to be part of the solution, as we lead global markets toward a clean energy future.

Hundreds of global companies have already set targets to reduce their corporate emissions—and over 100 companies have goals to eventually run entirely on clean energy. Some major businesses are already at that point, running their facilities with 100% renewable energy. And others, like those represented by our witnesses here today, are doing their part to put us on the right path.

We're also seeing action from the world's leading investors. Just this week, the Ford Foundation announced it will stop investing in fossil fuels and instead focus its energy portfolio on renewables. More than 30 other large investors have committed to invest only in companies with targets to reach net-zero carbon emissions by 2050. And a global financial alliance that includes more than 160 global firms has agreed to work together to deliver on the promises of the Paris Agreement, by leveraging more than \$70 trillion in assets. These investors understand that climate action is good for business.

Clean energy will also help working families, as we take steps to avoid the price volatility of fossil fuels while making electricity more affordable for the average American. Investors and shareholders are already demanding greater transparency on climate risks. And as they look to their financial futures and listen to the people they serve, institutions and pension funds are shifting capital away from fossil fuel activities and other risky investments.

Moving our economy toward clean energy is an economic imperative. We know climate progress means millions of good-paying jobs; it also means increased innovation, boosted cost savings, and improved investor confidence.

I look forward to today's discussion.

The chair now recognizes the ranking member, Mr. Graves of Louisiana, for an opening statement.

Mr. GRAVES. Thank you, Madam Chair, and I want to thank you for holding this hearing today and for the witnesses for your participation.

Madam Chair, as we have discussed at many of these hearings, it is important that we take action, but it is important that we take action that is science based, that is evidence based. What much of the folks who pontificate on climate change and clean energy policy have been talking about in recent years—excuse me—recent months, has been this clean energy plan that is included in the reconciliation package.

Yet, when you look at—excuse me—when you look at the actual policies that are embedded in there, even independent reviews by Congressional Research Service have found that this does not guarantee that we are going to be moving in the right direction, but it does guarantee higher prices for all consumers.

Madam Chair, as we move forward in a direction of a clean energy future, we must do it—we must do it in a way that is based upon evidence. And you look back, for example, at the Clean Power Plan. The Clean Power Plan, Madam Chair, what we did is we lifted the restrictions. We lifted the sanctions. We didn't put mandates on energy companies, yet they took an objective that was set for

2030, and during the Trump administration, were able to hit that target in 2019, to hit that target 11 years earlier, not just hit it, but exceed it.

And, Madam Chair, you know that that target—do you know how much we subsidized? Do you know how much we mandated? Do you know how much we required of companies to actually hit that target at all or hit it, much less, 11 years early? Zero. There were no mandates. There were no restrictions. We let innovators innovate.

And so, Madam Chair, we don't need a clean energy plan in a reconciliation package. What we need to do is we need to build upon the successes. We need to learn from the failures of the past and realize that the best way for us to move forward in a clean energy direction is we must—we must let innovators innovate. Don't come in and restrict it to certain technologies. That has not resulted in the outcomes that we need.

And, most importantly, Madam Chair—and I hope that this is something that we can all agree on as we head to the Convention of Parties in Scotland, is I hope that we could all agree upon what we need to be doing is we need to be focusing upon the global, the global outcomes here and stop looking myopically at the United States as though we can solve all the world's problems.

We need to make sure that China is held accountable in an enforceable mechanism, and in a way that we result not in increasing four tons of emissions for every one ton the U.S. reduces, but actually results in global emissions going down. That needs to be the end zone. That needs to be the objective of the COP, and that means holding countries like China accountable to doing something to move in the right direction, not to increase their emissions by 50 percent over the next 9 years.

So, Madam Chair, I look forward to hearing from our witnesses, and yield back.

Ms. CASTOR. Thank you very much.

Now we will welcome our witnesses, and I encourage members to go and vote and return for their testimony and questions.

First, we will go to Representative Casten to introduce David Edsey.

Mr. CASTEN. Thank you, Madam Chair.

I am pleased to introduce David Edsey, who is the Climate Director for Zurich North America, where he leads the development of insurance and service solutions to address climate change mitigation and adaptation.

I should give a plug to Zurich here that one of your great competencies is you had the wisdom to hire my wife for many years, who has, of course, moved on to other things since, so no current conflicts.

David has expertise in climate change risk, mitigation, and resilient strategies with more than 25 years of experience in insurance and litigation. For over a century, Zurich North America's corporate headquarters has been in the Greater Chicago area. In 2016, Zurich moved closer to my own district in suburban Schaumburg, where they employ over 53,000 people.

As future climate events are projected to cause a \$1.2 trillion loss to the U.S. economy, and as more companies are experiencing more

intensity and variability from extreme weather events that impact production capacity and operational costs, David offers a valuable perspective on how the private sector can play a role in determining short term climate risk and identify opportunities to implement mitigation and adaptation actions.

Thank you, David, for being here, and I look forward to hearing more about Zurich's work.

Ms. CASTOR. Next we will go to—the chair recognizes Representative Brownley to introduce Corley Kenna.

Ms. BROWNLEY. Thank you, Madam Chair.

And, as I made a promise, I will be brief. But I am delighted to introduce Ms. Corley Kenna today from Patagonia.

As Ms. Kenna outlined in her testimony, Patagonia has leaned in on the climate challenges confronting businesses as the planet warms and extreme weather events that threaten supply chains. Patagonia was founded by Yvon and Malinda Chouinard, who are two of the truest champions of the environment and the greatest stewards of our country's natural resources.

I am so proud to have Patagonia in my congressional district. Patagonia offers paid leave, on-site childcare, flexible work schedules, and competitive wages and benefits. They have always been a forward-looking company.

Patagonia is absolutely proof that corporations can be both good stewards of the environment, good to their workers, good for their communities, while still making a reasonable profit, producing high-quality products.

So, with that, Madam Speaker, we thank Ms. Kenna for her testimony, and looking forward to it today.

I yield back.

Ms. CASTOR. Welcome, Ms. Kenna.

And thank you, Rep Brownley.

Next we will go to Representative McEachin to introduce Gilbert Campbell.

Mr. MCEACHIN. Thank you, Madam Chair.

It is my pleasure and privilege to introduce to the committee Mr. Gilbert Campbell. He is the Founder and CEO of Volt Energy Utility, a national renewable energy firm that finances and develops utility-scale solar and energy storage projects.

He also cofounded Volt Energy, a minority owned and operated distribution generation solar development company, and serves on the board of the Solar Energy Industry Association, and the American Association of Blacks in Energy.

Lastly, but certainly not least, Mr. Campbell received the White House Champions of Change Award from President Obama, for his advocacy promoting the inclusion in the clean energy sector and providing STEM education opportunities for young people across the country. He has received numerous other awards for his work to make the energy sector more equitable and more diverse.

Mr. Campbell, my friend, it is good to see you today. Thank you for appearing. I look forward to your testimony.

Ms. CASTOR. Thank you, Rep McEachin.

Next we will go to Ranking Member Graves to introduce Mark Menezes.

Mr. GRAVES. Thank you, Madam Chair.

Madam Chair, I am honored to introduce the Honorable Mark Menezes, who happens to be from the great state of Louisiana—Hahnville, if I remember right, or at least Hahnville High. What is better than being a graduate of LSU? Doing it two times over. He is a two-times LSU grad.

I had the honor of working with Secretary Menezes on the Energy and Commerce Committee as he served as Chief Energy Counsel for the committee, but he went on in advising many private sector clients on energy and electricity policy, and served as Deputy Secretary of the Department of Energy under the previous administration. And just a fantastic guy, a good friend, and when he takes that mask off, you are going to see an amazing resemblance to Henry Winkler, as he looks a lot like the Fonz.

Ms. CASTOR. Well, thank you for that, Ranking Member Graves.

Without objection, the witnesses' written statements will be made part of the record.

Ms. Kenna, we are going to start with you. You are now recognized to give a 5-minute presentation of your testimony.

STATEMENTS OF CORLEY KENNA, HEAD OF COMMUNICATIONS AND POLICY, PATAGONIA; GILBERT CAMPBELL, FOUNDER AND CEO, VOLT ENERGY UTILITY AND VOLT ENERGY; HON. MARK W. MENEZES, FORMER DEPUTY SECRETARY OF ENERGY, U.S. DEPARTMENT OF ENERGY; FORMER CHIEF COUNSEL FOR ENERGY AND ENVIRONMENT, U.S. HOUSE ENERGY & COMMERCE COMMITTEE; AND DAVID EDSEY, CLIMATE DIRECTOR, TECHNICAL UNDERWRITING, ZURICH NORTH AMERICA

STATEMENT OF CORLEY KENNA

Ms. KENNA. Thank you so much.

Good afternoon, Chairwoman Castor, Ranking Member Graves, and members of the committee.

And I really appreciate that kind introduction, Representative Brownley, and this opportunity to speak before the committee.

My name is Corley Kenna, and I lead the Communications and Policy team at Patagonia. Patagonia is a \$1 billion business, with brick-and-mortar stores in 19 states and 2,000 employees in the U.S., 3,000 globally.

We partner with hundreds of small and large businesses in every single state in the country, and we are a part of an outdoor industry that generates nearly \$800 billion in revenue each year and supports more than 7 million jobs, and we help improve mental and physical well-being.

But, more than that, we are a community. We are hikers and hunters, surfers, and anglers. We are bikers and birders, climbers and skiers. We live in urban and rural areas, and we vote for liberals and conservatives. The one thing that we all have in common is our love for the outdoors and a desire for clean air, clean water, and a healthy planet.

The climate crisis is not an abstract theory. It is an urgent threat to our business and our community. To paraphrase conservationist David Brower, there is no business to be done on a dead planet.

Extreme temperatures, wildfires, polluted air, warming winters, eroded coastlines, and dried up rivers prevent our community from exploring and enjoying the outdoors. They also threaten our operations. Just this year, we had to close our distribution center in Reno because of bad air quality caused by wildfires exacerbated by the climate crisis. In 2017, we had to shut down our headquarters for a whole month because of what was then California's largest wildfire.

And, just as we have an interest in acting because our business and community is affected by this crisis, we recognize we have a responsibility to act, because every part of our business contributes to the climate crisis. Our supply chains and our financial partners rely on fossil fuels, the same fossil fuels that are destroying the planet we all depend on.

Patagonia is working to reduce and eliminate our scope three carbon emissions, and we are proud that in just 4 years, we won't use any virgin petroleum fiber sources in our materials. We have donated nearly \$150 million to thousands of groups working on the most pressing environmental challenges, and we use our brand voice to advocate for solutions to the climate crisis.

But Patagonia and other companies committed to aggressive carbon reductions can't do this alone. There are simply some things that only government can do.

The Build Back Better Act offers a bold and urgent opportunity to address the climate crisis before it is too late, and to give working families the support that they deserve. The climate investments of this budget reconciliation package would accelerate the clean energy economy, create thousands of new jobs, and promote greater climate resilience by conserving our public lands. These are not wish-list items, but critical actions needed to stave off impending climate disaster.

Patagonia is willing to pay a higher corporate tax rate to fund this critical legislation, but we also urge Congress to eliminate tax subsidies for oil and gas companies. The United States spends \$20 billion annually subsidizing fossil fuels. It is time to shift those investments to a clean and just future for people and planet.

This is the defining challenge of our era. The good news for Congress is that not only is this legislation needed, but it is popular among your constituents. And the climate investments, in particular, are supported by many in the American business community.

Special interests can spend millions of dollars to lobby against the bill, but make no mistake; the American people want to see these game-changing investments in our planet and our future. They want to see it happen before it is too late.

So thank you again for this opportunity to testify today, and I look forward to any questions you might have.

[The statement of Ms. Kenna follows:]

**BEFORE THE HOUSE SELECT COMMITTEE ON THE
CLIMATE CRISIS
UNITED STATES HOUSE OF REPRESENTATIVES**

*“GOOD FOR BUSINESS: PRIVATE SECTOR PERSPECTIVES ON
CLIMATE ACTION”*

October 20, 2021

**Corley Kenna
Head of Communications and Policy
Patagonia**

Good afternoon, Chairwoman Castor, Ranking Member Graves, and members of the Committee. My name is Corley Kenna and I lead the Communications and Policy team at Patagonia. Thank you for this opportunity to speak before this important committee.

Patagonia is a one-billion-dollar business with brick-and-mortar stores in 19 states and 2,000 employees in the US, 3,000 globally. We partner with hundreds of small and large businesses through our wholesale business in every state in the country. And we are a part of an industry that generates nearly \$800 billion in revenue each year, supports more than seven million people and helps improve mental and physical well-being. We are proud that earlier this year, consumers named Patagonia as the company with the best reputation in America.

But more than a business, we are a community. We are hikers and hunters, surfers and anglers, birders and bikers, skiers, and climbers. We live in urban and rural areas, and vote for liberals and conservatives. The one thing that we all have in common is our love of the outdoors and a desire for clean air, clean water, and a healthy planet.

Along with the thousands of US businesses in our industry, Patagonia depends on a stable climate and healthy, protected lands and waters. The climate crisis is not an abstract theory, it is an urgent risk to our business.

To paraphrase David Brower, there is no business on a dead planet.

Extreme temperatures, wildfires, polluted air, warming winters, eroded coast lines and dried-up rivers prevent our community from exploring and enjoying the outdoors. They also threaten our operations. Let me share with you one very granular example. Just this year, we had to close our Reno distribution center repeatedly due to bad air quality caused by wildfires exacerbated by climate change.

And just as we have a responsibility to act because our business and community is affected by this crisis, we also recognize we have a responsibility to act because every part of our business contributes to the climate crisis. When you grow things, make things, move things, and sell things, you leave behind carbon. Our supply chains and financial partners rely on fossil fuels—the same fossil fuels that are destroying the planet we all depend on.

And we take our direct responsibility seriously. Patagonia is working to reduce and eliminate our scope three carbon emissions and are proud that in just four years we won't use any virgin petroleum sources in our materials. We have donated nearly \$150 million to thousands of groups working on the most pressing environmental challenges and use our brand voice to advocate for solutions to the climate crisis.

But Patagonia and other companies committed to aggressive carbon reductions—can't do this alone. There are simply some things that only governments can do.

We need help scaling and incentivizing programs that won't worsen the climate crisis, and that will increase the pace of urgently needed emissions reductions and a just, clean energy transition.

The Build Back Better Act—offers a bold and urgent opportunity to address the climate crisis before it's too late, and give working families the support they deserve. It's vital to the people and planet on which our company and the rest of the outdoor industry rely. It is an imperative investment in communities affected most on the frontlines of this crisis, the majority of whom are low income, Black, Indigenous and other people of color. Communities that are already vulnerable and suffering serious and lasting health issues due to poor air quality exacerbated by climate change.

Bold investments to protect our planet could not only ease the worst effects of the climate crisis but offer an opportunity for innovation and job creation. And it is obvious that corporate America sees this opportunity. Look at prominent advertisements from the most well-known brands—they draw your attention to how these companies are working to curb their emissions and do their part to address this crisis.

Patagonia is proud to be a certified B-Corporation, which requires us to look beyond profit and consider people, planet and the long-term in every business decision we make. And we have been glad to see other businesses and organizations make similar commitments to consider not just their shareholders but their full community of stakeholders in their business plans.

These corporate commitments, along with bold and aggressive investments from our elected leaders, will create the conditions for the systemic change required for a healthy planet and thriving communities. Government support will also catalyze further business investment and innovation—making our economy more competitive and resilient while strengthening our global leadership.

The climate investments of this budget reconciliation package would accelerate the clean energy economy and create thousands of new jobs. For example, the Civilian Climate Corps provides a great opportunity to train and diversify the workforce that we will need as we move to a renewable energy economy. In addition, the Build Back Better Act would also protect threatened landscapes such as the Arctic National Wildlife Refuge.

In total, these investments would accelerate America’s leap to clean, renewable wind and solar power and promote greater climate resilience by conserving public lands. These are not wish list items, but imperative actions needed to stave off impending climate disaster.

Beyond climate, this legislation also prioritizes the needs of working families. For the last 50 years, Patagonia has offered paid sick leave, parental leave, and onsite childcare to our employees—and we’ve reaped the benefits through our ability to maintain a robust and engaged workforce. Yet, nationally, fewer than 21 percent of workers have access to paid family leave through their employers. Attracting and retaining top talent and a speedy economic recovery depend on enabling people to return to the labor force by addressing the urgent issues of paid leave and childcare availability.

People say that it’s easy to talk about what should happen, and a whole lot harder to talk about how. Patagonia is willing to pay a higher corporate tax rate to fund this critical legislation. Further, we also urge Congress to eliminate tax subsidies for oil and gas companies. The United States spends \$20 billion annually subsidizing fossil fuels. It’s a mistake that costs American taxpayers more than \$649 billion each year when considering health, environmental, and climate externalities. It’s time to shift those investments to a clean, just future for people and the planet.

This is the defining challenge of our era. The good news for Congress: Not only is this legislation needed but it is also popular among your constituents and the climate investments are supported by many in the American business community. Special interests can spend millions of dollars to lobby against this bill, but make no mistake, the American people¹ want to see these game changing investments in our planet and our future—and they want to see it happen before it’s too late.

Thank you again for the opportunity to testify today, and I look forward to any questions you may have.

Thank you.

¹*Data for Progress, Vox.* Build Back Better Toplines. 12 Oct. 2021. Web: <https://www.filesforprogress.org/datasets/2021/10/dfp-vox-bbb-oct12-toplines.pdf>.

Ms. CASTOR. Thank you, Ms. Kenna.

Mr. Campbell, you are now recognized for 5 minutes for a presentation of your testimony.

STATEMENT OF GILBERT CAMPBELL

Mr. CAMPBELL. Thank you.

Chairwoman Castor—Ranking Member Graves had to step for the vote—members of the select committee, I am honored to sit before you today to testify on today’s hearing, Good for Business: The Private Sector Perspectives on Climate Action.

As Congressman McEachin mentioned, I am the cofounder of a company called Volt Energy. I started the company 10 years ago to develop rooftop solar and solar carports for companies all across this country, ranging from the Cheesecake Factory’s corporate headquarters in California to projects in Colorado with Subaru,

where we work with a lot of underrepresented community projects as well. We work with a lot of Historically Black Colleges and Universities. We also work with churches, synagogues, and other faith institutions across the country to make sure that they are able to reduce their carbon footprint with solar energy. I am here today to share why I strongly support the Build Back Better Act. While I am a small business owner—while I am here as a small business owner to talk about the financial implications that it is having—the climate disaster is having on businesses, I am here as a concerned citizen first.

I know how divided our nation is on pretty much everything, and I am an eternal optimist, but I really hope the climate crisis—as it was mentioned earlier, it really is the opportunity for us to really tackle the biggest crisis our world is facing.

This really shouldn't be viewed as a red or blue partisan issue. I truly hope that we can view this as a red, white, and blue opportunity to lead on a global stage for the biggest issue, again, facing our nation and the world.

Ranking Member—excuse me—Congressional Member Graves talked about let innovators innovate. At Volt Energy Utility, which is a utility scale company that I founded, that is exactly what we are doing.

What we are doing currently, we have created this concept called the Environmental Justice Power Purchase Agreement, and through a Power Purchase Agreement is how most corporations buy renewable energy. And one of the things that we wanted to do differently was we understand the importance of environmental justice and tackling environmental justice.

What does the term—what does environmental justice mean? It is defined as the fair and equitable distribution of both environmental burden and environmental benefit. For far too long, communities of color and rural communities have been on the wrong side of that ledger only dealing with the environmental burden, but have not participated with the environmental benefit.

Our Environmental Justice Power Purchase Agreement, we work with some of the largest companies in the world—we just recently announced a large project with Microsoft—where the concept is this: We cannot develop utility scale solar projects in places like Washington, D.C., in Baltimore, in Philadelphia, in New York City, and a lot of inner cities across the country. We don't have the space to develop large utility scale projects.

What we can do is develop those projects, which has been done all throughout the country, in rural areas. Our focus is on a concept called emissionality, where we are looking to develop projects where the grid is the dirtiest. We want to be able to clean up—and why is that so important? To improve health outcomes for people living in those communities.

However, we can't lose sight of the other communities, minority communities, that have suffered for so long with energy burden and environmental injustices, so we are taking a percentage of our revenue in partnership with the corporations we work with to make investments in communities of color, to address environmental health, to address economic justice, to create a pipeline of

students coming out of HBCUs that will take on these jobs of the future.

But we can't do this alone. We need the Federal Government to support the work that we are doing to tackle climate change. This is an effort that can be a public-private partnership and really get us back out—we are coming out of a time in our nation where we are coming out of COVID, an unprecedented pandemic. People are looking to get back to work.

Climate change is that solution. It is the biggest issue, again, that we are facing. And my business colleagues—I had the opportunity to be part of a press event recently, and we talked about how climate change is making the supply chain very difficult for businesses to do what we do—to order the materials that we need, to develop the projects that we do.

I will also note that over 1,000 business leaders have signed letters of support for Build Back Better. The American Sustainable Business Council, E2, and Clean Energy for America have organized letters from businesses calling on Congress to pass historic investments through reconciliation to combat climate change.

And, in closing, not only does climate change pose a threat to our economy and our communities; this issue transcends race or politics. Whether one lives in the city, suburbs, rural communities, it already adds to disproportionate burdens on communities of color, and the Build Back Better Act is essential to mitigating these harms, to providing important opportunities that advance job creation here at home, U.S. competitiveness abroad, and environmental equity across our country.

For all these reasons, I strongly support the legislation. Thank you for the opportunity to share my thoughts on the Build Back Better Act.

[The statement of Mr. Campbell follows:]

Testimony of Gilbert Campbell
Founder and CEO, Volt Energy Utility
The Select Committee on the Climate Crisis Hearing
“Good for Business: Private Sector Perspectives on Climate Action”

October 20, 2021

Chairwoman Castor, Ranking Member Graves, and members of the Select Committee on the Climate Crisis, I am honored to be invited to testify on today's hearing “Good for Business: Private Sector Perspectives on Climate Action.” My name is Gilbert Campbell, and I am the Founder and CEO of Volt Energy Utility, a national renewable energy firm that finances and develops utility-scale solar and energy storage projects for large corporate clients, municipalities, and other institutions. Volt Energy Utility recently executed the first Environmental Justice Power Purchase Agreement (PPA) with Microsoft, to supply Microsoft with 250 megawatts (MW) of utility-scale solar energy, that will benefit rural and minority communities across the country.

In 2009, I co-founded Volt Energy, a national distributed generation solar development company. Volt Energy successfully developed solar projects for numerous public and private sector clients including: Accenture, Exelon/Peppo, The Cheesecake Factory, Subaru, District of Columbia Government, Howard University and Wake Forest University.

Currently, I serve on the Board of Directors at The Solar Energy Industries Association (SEIA), The Renewable Energy Buyers Alliance (REBA), and The American Association of Blacks in Energy (AABE).

I am here today to share why I strongly support the Build Back Better Act. We are facing the biggest crisis of our lifetime, and that is the climate crisis. If we just look at the intensification of extreme weather events that transpired just this year,

it is clear the devastating impact that climate change is having on our nation. According to the National Oceanic and Atmospheric Association (NOAA), in the first nine months of this year, extreme weather and climate disasters in the U.S. have taken more than 538 lives and cost more than \$100 billion. We have all witnessed the devastating wildfires in the west, hurricane after hurricane in the gulf region, flooding in the Northeast, and heatwaves all across the country. Our nation is still financially recovering from extreme weather events last year, like Hurricane Harvey. If we fail to get more resilient and control climate disaster spending, there could be catastrophic implications for communities across the country, for the economy and for the federal budget.

While I am here as a small business owner to talk about the financial toll and implications that climate change is having on businesses across this country, I am a concerned citizen first. I know how divided our nation is on literally everything, but the climate crisis should not be viewed as a red or blue partisan issue, but rather as a red, white, and blue opportunity to ensure that our kids, grandkids, and future generations will be blessed with opportunities many of us have received.

This is our moment to do what we have always done well and that is to lead on the global stage on big issues. Currently, we are lagging behind other countries in one of the biggest economic transitions in modern history. Other countries' investments in clean energy—and the new jobs they have created—far exceed the United States.

- 2 million Chinese work in solar, compared with over 230,000 Americans in solar.
- 320,000 Europeans work in wind energy, compared with 117,000 Americans.
- Brazil has three times as many jobs in solar heating and cooling as we do in the United States.
- The global vehicle market is swiftly shifting to Zero Emission Vehicles. If our auto industry is going to compete in the global market, we need to invest in Clean Vehicles here at home.

The Build Back Better Act's investment in clean energy and clean vehicle innovation, financing, manufacturing, and deployment will contribute to US global competitiveness—and will ensure we create jobs in the process.

Entire businesses are suffering and going under from the extreme weather events highlighted above, and tens of thousands of other businesses are broadly impacted by supply chain and labor disruptions stemming from these extreme climate events. From the agriculture and food processing industries to the hospitality and transportation sectors, climate change has affected productivity and financial resources.

I recently joined a press event with fellow CEOs and business leaders, many of whom offered specific examples of the direct impacts of climate disasters as well as the resulting effect of supply chain disruptions. All of the participants called on Congress to pass the Build Back Better Act. As one business leader from the hotel sector expressed: "We can invest now, or we can pay tenfold later to clean up more disasters."

I will also note that over 1000 business leaders have signed letters in support of the Build Back Better Act. The American Sustainable Business Council (ASBC), E2 (Environmental Entrepreneurs), and Clean Energy for America (CE4A) organized letters from businesses urging Congress to pass historic investments through reconciliation to combat climate change and make our country stronger and more resilient.

I have, and will, continue to work with a wide range of key stakeholders from all political parties, electric utility companies, oil and gas companies, businesses, energy trade associations, and others to tackle this important issue. However, the Build Back Better Act is not only essential to mitigate environmental harms; it also presents an opportunity for our great nation to make overdue investments in our infrastructure that incorporates clean technology which reduces carbon emissions. The Act will create millions of good paying jobs in every corner of America, and wealth creation opportunities for small businesses.

President Biden has set an ambitious goal to decarbonize our power sector by 2035. According to the Solar Energy Industries Association (SEIA), my industry, solar energy, currently accounts for only 4% of our electricity generation. With only 4% of the energy generated, the solar industry currently has over 10,000 businesses and over 230,000 workers. In a recent study, the Department of Energy highlighted that in order to fully decarbonize our power grid by 2035, solar energy will have to account for 45% of our electricity generation. Again, at 4%, there are 10,000 businesses and over 230,000 solar workers in this nation. Imagine how many more small businesses will be created and how many more American workers will have good paying jobs.

If we are going to tackle climate change and decarbonize our power sector, we also will have to make significant investments in our aging grid infrastructure to account for the new renewable energy generation coming online, including transmission, distribution, and interconnection. Currently, there are hundreds of Gigawatts (GWs) of renewable energy projects waiting to be connected to the grid, but due to backlogs and costs, they are sitting in the queue. Build Back Better Act investments in our grid infrastructure will provide greater grid reliability, which is vitally important as extreme weather events shut down power for days and weeks, resulting in significant financial loss for businesses and is a major burden for American citizens.

We must also prioritize investments in communities of color that have long suffered from environmental injustices. Environmental justice is defined as the “fair” distribution of environmental benefits and burdens. For far too long, underserved minority communities have been on the wrong side of the ledger and have incurred extreme environmental burdens and minimal environmental benefits. According to the American Lung Association, an estimated 141 million American live in counties with unhealthy levels of air pollution. In lower income communities of color, there are greater exposures to higher levels of air pollution. This chronic exposure is believed to worsen underlying diseases, including many that represent risk factors for severe cases of COVID-19. African American communities have suffered the burdens from discriminatory environmental policy and regulations but have not benefited from the job growth and wealth creation stemming from clean energy. According to a recent analysis titled *Help Wanted: Diversity in Clean Energy Jobs*, African Americans only represent 8% of the clean energy workforce, and during COVID-19, workers of color have lost jobs at a faster rate and have been slower to be rehired compared to their white counterparts. Over the last two weeks, I have had the privilege of talking with students at both Howard University and Clark Atlanta University, two prominent Historically Black College and Universities (HBCUs). We discussed the intersection of environmental justice and the clean energy investments needed in their communities. The students are strong proponents of Build Back Better, especially because of several provisions that are geared towards providing greater climate equity. Here are some of the investments in the climate bill that will bridge the climate equity gap:

1. National Clean Energy and Sustainability Accelerator (called the Greenhouse Gas Reduction fund in the Build Back Better Act)—is based on the state green bank model. This is critical to addressing the financing issue.
 - a. Not only does the investment require **40% of investments from the accelerator go to communities most impacted by climate—including communities of color**, it also
 - i. **provides technical support to business leaders** to help them package their projects for financing and
 - ii. **provides for flexible financing**—which can help homeowners, farmers and small businesses who may have resources but not have high FICO credit rating. They can look at other factors like consistency of paid utilities to assess credit worthiness.
2. In efforts to ensure that investments in clean energy are more affordable and accessible so that there is less need for financing, the Build Back Better Act also includes:
 - iii. Tax credits—with bonus credits for underserved communities and communities with high energy burdens
 - iv. Investments in clean vehicle infrastructure to ensure it reaches communities of color;
 - v. Energy efficiency loan and grant programs.
 - vi. Consumer incentives for energy efficient appliances

In short, climate change poses a threat to our economy and our communities. This issue transcends race or politics or whether one lives in cities, suburbs or rural communities. Climate change adds to the already disproportionate burdens on communities of color. The Build Back Better Act is essential to mitigating these harms by providing important opportunities that advance job creation here at home, increasing US competitiveness abroad and expanding environmental equity across our country. For all these reasons, I strongly support the legislation.

Thank you for this opportunity to share my thoughts on the Build Back Better Act.

Ms. CASTOR. Well, thank you, Mr. Campbell.

Next, we will go to Mr. Menezes. You are now recognized for 5 minutes. Welcome.

STATEMENT OF HON. MARK W. MENEZES

Mr. MENEZES. Thank you, Chair Castor, Ranking Member Graves, and members of the select committee. I thank you for the invitation to testify before you this afternoon.

I appear before you as a private citizen, not in any official capacity, and my testimony is my own.

My testimony will be on the Clean Electricity Performance Program, commonly referred to as the CEPP, that is part of the budget reconciliation package pending before Congress. As has been reported, the CEPP was created for two reasons: one, as a mechanism to comply with the Senate's Byrd rule's restrictions against policy changes in the budget reconciliation process; and, two, to compel electric utilities to add clean electricity within its tight scoring window.

I submit the CEPP is a solution to a Senate process problem, and not an emissions problem. It is unnecessary for two reasons. One, the electric sector leads all other sectors in actual quantifiable emission reductions since 2000. These reductions are the reason the U.S. leads all other countries in actual reductions since 2000.

Two, the electric sector is viewed as the solution, not the problem to reducing our nation's emissions. All comprehensive plans to obtain emission reductions or net zero goals call for greater electrification of the economy.

As Congress incents, or mandates, the electrification of sectors of the economy, utilities will have to increase generation to meet the increased demand. Is the CEPP, which penalizes utilities unable to meet clean electricity requirements, a rational reaction? The CEPP requires all electric utilities—co-ops, munis, and the investor-owned utilities—to increase their clean electricity by 4 percent each year from 2023 to 2030, or pay the government \$40 for every megawatt hour below its mandated target.

To say this is a very aggressive timetable is an understatement. The average rate nationwide of bringing new renewable generation online is 1 percent per year over the past 10 years. As I have said, reconciliation rules do not allow for a longer timeline of compliance.

And it is quite possible the CEPP, if enacted as drafted, would make electricity less reliable, potentially increase costs to consumers, and not do much to improve the environment.

Now, why do I say that? With the CEPP's relatively short timeline for compliance, the only clean electricity source is likely to be solar, which as an intermittent resource, does not assure reliability.

I have been unable to find any review of the CEPP by either NERC or FERC, those entities mandated by Congress to develop, implement, and enforce the electric reliability standards of our nation's bulk power system. Considering the great concern expressed by Congress just this year about electric reliability in California, Texas, and elsewhere, one would wonder why Congress hasn't insisted on getting views from those with the statutory obligations to keep our grid reliable.

The CRS points out that the CEPP will put compliance costs on Federal taxpayers as well as electricity consumers. It estimates it will cost Federal taxpayers \$150 billion over 10 years.

Now, truly, the grants in the CEPP are intended to reduce costs to ratepayers so they do not bear the direct costs of this transition to clean electricity. However, as the CRS points out, no one really knows for certain who will bear the expected cost and how much. In the long run, consumers might pay more. Imagine explaining to grandma living on fixed income why she has to pay more to meet the CEPP requirements.

Nor is it apparent that the CEPP will do much for the environment. Indeed, as the CRS points out, the CEPP does not guarantee reductions. The CRS alerts Members of Congress that under the CEPP, electric utilities may face costs or other constraints, such as siting challenges, state and local regulatory requirements, reliability risks on achieving CEPP targets. Plus, utilities might decide to pay the penalty rather than expend the high capital costs to reduce emissions.

And were the CEPP to be enacted as drafted, it is likely there will be unintended consequences. As the sector adds more and more intermittent renewables to comply with the CEPP, more reliable backup power—power will be needed because battery storage capacity can't be built quickly enough. A project underway in California today to add state-of-the-art, 4-hour battery storage to a 350-megawatt solar project for 2022 started in 2015, 7 years from start to coming online.

Finally, the CEPP may very well stop the development of zero emitting nuclear development and CCS deployment. Both nuclear and carbon capture technologies simply cannot be permitted and built in time. What happens to the \$4.5 billion Louisiana Clean Energy Complex announced last week by Air Products and the Governor of Louisiana to use CCS to capture and permanently sequester 5 million tons of carbon a year? What happens to the small modular nuclear reactors being pursued out west that the taxpayers and private industry have spent enormous amounts of resources to develop and deploy?

And, by the way, the photovoltaics that will cover our landscapes to meet the CEPP, very likely horse and buggy technology. Today, our labs have developed disruptive liquid crystalline technologies that could replace today's solar panels with coatings as cheap as paint. You can read about it all in this book. Even John Kerry called this potential that may very well save the Earth.

Finally, all this is not to say there couldn't be improvements to the CEPP as drafted. I have offered some suggestions in my written testimony.

I thank you and look forward to your questions.

[The statement of Mr. Menezes follows:]

TESTIMONY OF THE HONORABLE MARK W. MENEZES

FORMER DEPUTY SECRETARY

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U.S. HOUSE OF REPRESENTATIVES COMMITTEE ON ENERGY AND COMMERCE

BEFORE THE U.S. HOUSE SELECT COMMITTEE ON CLIMATE CRISIS HEARING ON
“GOOD FOR BUSINESS: PRIVATE SECTOR PERSPECTIVES ON CLIMATE ACTION”

WEDNESDAY, OCTOBER 20, 2021

Chair Castor, Ranking Member Graves, and members of the Select Committee:

Thank you for the invitation and opportunity to testify before you today on the important question of whether Congressional efforts to take meaningful climate action will be good for business. Today, I appear before you as a private citizen, not in any official capacity, and my testimony is my own opinion informed by over 30 years of experience in the public and private energy policy sectors.

To be sure, Congressional climate action can be good for business. While at DOE, we carried out Congressional direction promoting technology that would be good for business, good for consumers, and good for the environment. We know advancing affordable technologies is both necessary in reducing domestic emissions and is vital to reducing emissions globally—particularly in developing nations where affordability is paramount. If we miss the opportunity to leverage domestic action to reduce global emissions, then we will have accomplished little.

Not all climate legislation is good for business, or consumers, or even the environment. Some provisions could be harmful to all three.

In that regard, I would like to focus today on the Clean Electricity Performance Program, commonly referred to as “the CEPP” that is part of the budget reconciliation package before Congress. As the members of this Select Committee are well aware, it’s not unusual for Congress to take several Congressional sessions to consider transformative, controversial measures, proceed through regular order, to ensure a complete record in order to survive judicial scrutiny. But that’s not the case here. Other than the House Energy and Commerce markup without a legislative hearing, there is a dearth of evidence in the Congressional record or even the public record as to why this CEPP is necessary. This lack of transparency and objective analysis is not inconsequential as the CEPP would transform a sector of the economy that every business and every family in America pays for and relies on daily. It is deserving of significant vetting. I would note that this Select Committee spent over a year hearing from stakeholders before the majority released a staff report that contained over 700 recommendations. While that report was embraced by the Speaker, it is the CEPP, which was neither considered nor included in the 700 recommendations, that is pending before Congress.

The interesting thing about the CEPP, from my point of view, is that, except for those who were involved with its creation, no one else was aware of it until it was released a few months ago from Evergreen Action. A recent article confirmed that as of a year ago, the concept itself didn’t even exist calling its invention “an acrobatic feat and calculated to get past arcane Senate rules” on reconciliation.¹ Congress, think tanks, academicians—all serious minded people who want to contribute to solving climate challenges in the policy arenas in meaningful ways—have not had much time to independently analyze or model this approach, described as both an incentive and a penalty,² because no one saw the proposal, outside of “The Third Way, a center-left think tank, Evergreen Action, an environmental policy outfit, and the Natural Resources Defense Council, the nonprofit advocacy group,”³ until about a month ago. And apart from a committee markup, there have been no hearings or testimony on it.

As I will explain, the CEPP is a solution to a process problem, not an emissions problem. Since the CEPP was designed to bypass a process problem it was limited in utilizing tools and policies that could have led to an efficient and cost effective solution. This process intentionally ties the hands of Congress and the potential negative impacts of the CEPP are a result of these process restrictions.

The CEPP, I believe, is unnecessary for two reasons. One, the electric sector leads all sectors in actual, quantifiable greenhouse gas emissions reductions since 2000.

¹Meet the CEPP, the biggest federal climate policy you’ve never heard of | Grist.

²House Proposes Strong Clean Electricity Performance Program | NRDC.

³See FN 1.

In fact, these reductions have been of such magnitude that the U.S. leads all other countries in actual GHG emissions reductions since 2000.⁴ These are actual emission reductions, not pledges or public statements that the U.S. will get to “net zero” or achieve some clean energy standard by a certain date. Other countries and sectors do not come close to matching the actual reductions of the U.S. electric sector. The electric and power sector continues to reduce emissions at a faster pace than other sectors.⁵ Emission reductions in this sector have been so significant and lasting that today it is the transportation sector that leads U.S. emissions.⁶ One would wonder why the CEPP targets the sector that has demonstrated a commitment and has achieved success reducing emissions without federal government mandates. Indeed, one Senate critic of the CEPP has wondered why there is even a need for incentive payments to companies already doing everything they can to reduce emissions while ensuring safe, reliable and affordable power.⁷

The second reason that the CEPP is unnecessary is that the electric sector is viewed as the solution, not the problem, to reducing our nation’s emissions. All comprehensive plans to obtain emission reductions or “net zero” goals call for greater electrification of the economy. Where electrification makes sense and where it does not is a worthy policy debate, but increased electrification is going to be part of the solution. Recognizing this better efficiency, it is not surprising that other provisions contained in the budget reconciliation legislation increase the use of electricity.⁸ Indeed today, almost all new electric generation being built today is renewable and natural gas,⁹ with the exception of the emission-free Vogtle nuclear facility in Georgia. Natural gas complements the addition of renewable power on the grid for several reasons: 1) it can be added in incremental amounts to meet generation capacity requirements as intermittent sources stop producing, 2) it can respond quickly to demand changes, and 3) has lower environmental compliance, fuel, and operating costs.¹⁰ As Congress encourages the electrification of sectors of the economy, utilities will have to increase generation sources to meet the increased demand. Is the CEPP, which penalizes utilities unable to meet clean electricity requirements, a rational reaction?

The CEPP was created, as has been reported, as a mechanism to comply with the Byrd Rule restrictions against policy changes in the budget reconciliation process.¹¹ Any policy change would be subject to a “point of order” which would then require 60 votes in the Senate for consideration for final passage. As of last week, it was not known if the Senate Parliamentarian would rule that it in fact satisfies the Byrd Rule.¹² It also was created to compel electric utilities to add clean electricity sources to their generation mixes in a scoring window to comply with the Byrd Rule. The reconciliation process does not allow for long-term policies to be considered. Thus, the CEPP had to require taxpayer action (on paper) within an unreasonably short time frame to achieve emission reductions targets announced by the Biden Administration in preparation for the upcoming COP26 meeting in Glasgow.¹³

Let’s take a minute to look at each of these reasons for its creation. The CEPP requires all electric utilities (co-ops, munis, and IOUs) (referred to as “eligible electricity suppliers” in the CEPP) to increase their “certified clean electricity” by 4% each year from 2023 to 2030 or pay the government \$40 for every MWh below its mandated target. To say this is a very aggressive timetable is an understatement. The average rate nationwide of bringing new renewable generation online is one percent per year over the past 10 years.¹⁴ Reconciliation rules do not allow for a longer timeline of compliance.

The other factor at work here is that the Biden administration has increased dramatically its emission reduction goals. On “day one”, the President announced the ambitious goals to reach net zero emission economy-wide by 2050 and a carbon-free power sector by 2035. Only three months later, at a “Leaders (sic) Summit on Cli-

⁴ Global CO₂ emissions in 2019—Analysis—IEA.

⁵ U.S. energy-related CO₂ emissions declined by 11% in 2020—Today in Energy—U.S. Energy Information Administration (EIA).

⁶ Microsoft Word—MER S11 (eia.gov) at 198.

⁷ What a clean electricity payment plan means for gas, CCS—E&E News (eenews.net).

⁸ R46934.pdf (fas.org) at 4.

⁹ Electricity generation, capacity, and sales in the United States—U.S. Energy Information Administration (EIA).

¹⁰ *Ibid.*

¹¹ FN 1.

¹² FN 8 at 7 (FN 29).

¹³ Joe Biden to reveal US emissions pledge in key climate crisis moment | Climate crisis | The Guardian.

¹⁴ FN 8 at 2.

mate” on April 22nd, he announced a new goal of ambitious reductions by 2030.¹⁵ These are not insignificant changes over a very short period of time. These new numbers reverberate throughout all sectors of the economy. All sectors had to immediately revise project capital expenditures, ensure supply chains, implement meaningful management and sustainable policy changes to meet these new goals. Teams of engineers had to recalibrate operational facilities and design, financial managers reassessed access to capital markets and debt issuance, Wall Street and rating agencies had to again reassess risk and value. The cost of doing business in the U.S. likely increased dramatically all in a matter of three months because the President simply decided to increase reduction goals. This announcement alone is driving U.S. companies to change. The CEPP is piling on.

Indeed, it’s possible the CEPP, if enacted as drafted, would make electricity unreliable, increase costs to consumers, and not do much to improve the environment. With the CEPP’s relatively short time line for compliance, the “clean electricity” sources needed to be added will be mainly solar which, as an intermittent resource of electricity, does not assure reliability. The grants in the CEPP are intended to reduce costs to ratepayers so they do not bear the direct cost of this transition to “clean electricity.” However, for reasons explained later, no one really knows for certain who will bear the expected costs and how much. In the long run, customers might pay more.

Of all the statutory changes under consideration today by Congress to address climate, the CEPP is likely not good for business or for American families.

Let’s now discuss those three aspects: reliability, costs to consumers and the utility companies, and environmental consequences.

Reliability

Mandating a rapid increase throughout the entire power sector of “clean electricity” in the time frame to meet an arbitrary budget scoring window will result in only a very few energy sources qualifying. Of the energy sources allowed under the CEPP—renewable energy (wind, solar, hydro, geothermal), maybe fossil with CCS, maybe biomass—only solar, possibly some wind, will be able to be brought online in time to meet the CEPP’s aggressive timelines.¹⁶ These power sources are variable and intermittent and need transmission upgrades to accommodate integration into the power grid. There is insufficient time under the stringent CEPP timelines to build the necessary transmission to meet the CEPP mandates while keeping rates affordable and ensuring reliability.¹⁷

Some claim that batteries will take the place of traditional power generation. Our current state of effective battery technology is 4 hours and it takes years to site, permit and build. Long Duration Energy Storage (LDES), possibly the “holy grail” of grid storage is still years away from development and deployment.¹⁸ In California, a 4-hour, 350-megawatt battery storage project scheduled to come online in 2022 has been under development since 2015 (a seven-year period for one project).¹⁹ There simply isn’t enough storage available in time to maintain reliability, and even if there were, it would be enormously expensive. A study by the National Renewable Energy Laboratory in 2019 predicted the cost of 4-hour battery storage ranging between \$124 and \$328 per kilowatt hour in 2030.²⁰ As comparison, the average cost of electricity here in the District of Columbia is about 12 or 13 cents per kilowatt hour (kWh).²¹

I have been unable to find any review of the CEPP by either the North American Energy Reliability Corporation (NERC) or the Federal Energy Regulatory Commission (FERC), those entities mandated by Congress to develop, implement and enforce the electric reliability provisions of our nation’s bulk power system. Considering the great concern expressed by Congress just this year about electric reliability in Texas, California and elsewhere, one would wonder why Congress hasn’t insisted on getting views from those with the statutory obligations to keep our grid reliable.

Our current state of the electricity sector finds that the ramping ability of efficient natural gas combined cycle units has complemented the rapid buildout of wind and

¹⁵ FACT SHEET: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-Paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies | The White House.

¹⁶ FN 8.

¹⁷ Ditto Says House Clean Energy Plan Creates Unachievable Transition Timeframe For Public Power | American Public Power Association.

¹⁸ Energy Storage Grand Challenge Energy Storage Market Report.

¹⁹ California Scrambles to Find Electricity to Offset Plant Closures—WSJ.

²⁰ Cost Projections for Utility-Scale Battery Storage: 2020 Update (nrel.gov).

²¹ Electricity Rates by State >> (October 2021) << ElectricRate.

solar. When DOE issued emergency orders to California in 2020 and again in 2021,²² it ordered natural gas units to run. California has such an abundance of solar that over 1.5 million MWh was curtailed in 2020, and that number continues to increase unless and until additional storage technologies can be developed and deployed and transmission upgrades are made.²³ As reported by the Congressional Research Service (CRS), and mentioned above, the CEPP does not provide for necessary upgrades to the transmission and distribution systems (wires) of our electric system.²⁴

Costs

The CRS points out that the CEPP will go beyond a Clean Energy Standard (CES) in that it will put compliance costs on federal taxpayers as well as electricity customers.²⁵ The CRS estimates it will cost federal taxpayers \$150 billion over 10 years.²⁶ For families, it is not a question of “if their utility bills will go up, but instead just a question of “how much.” Renewables with energy storage to maintain reliability are very expensive, as highlighted above in the NREL study, and take years in siting and deployment. It is very likely that transmission cannot be built in the time frame of the CEPP, so the construction costs would be incurred later, after the incentive payments have ended. Finally, we do not know how competitive electricity markets will react to a situation where qualified “clean electricity” will be scarce and there’s a \$40 penalty for every MWh below the mandate. It is logical to predict that companies capable of producing new qualified “clean electricity” will increase their price because it is obvious buyers will pay up to \$40 more for that electricity than pay a penalty. But utilities won’t know whether their State utility commissions will allow them to pass on that cost to customers. The CRS is correct in concluding “[e]lectricity consumers ultimately bear most costs of any electricity policy.”²⁷

Environmental Performance

It is not apparent that the CEPP will do much for the environment. Indeed, the CEPP does not guarantee reductions.²⁸ The CRS has alerted Congress that under the CEPP electric utilities “may face cost or other constraints (e.g., siting challenges, state and local regulatory requirements, reliability risks) on achieving CEPP targets. ...”²⁹

As I mentioned, the utility sector has reduced emissions dramatically in recent years, and that has happened in large part because of market forces. Through the economic miracles that have come with hydraulic fracturing for natural gas, gas has become very cheap and has replaced coal as the dominant power source. That largely accounts for the U.S. GHG emissions dropping over the past 20 years as mentioned above. And due to the abundance and affordability of domestically produced natural gas, generation fueled by it complements the development and operation of renewables since it ramps up when the sun goes down or the wind stops blowing.

Were the CEPP to be enacted, it’s likely there will be unintended consequences. First, the environment might not improve very much because companies are unable to build renewables fast enough to meet the targets, due to supply chain issues, permitting, and other issues mentioned previously. Many utilities and developers have already built solar farms near to existing transmission lines capable of interconnection to existing reliable power grids. The next wave of solar onto our bulk power system, as experts predict, will require substantial and extensive new transmission facilities and significant (and expensive) upgrades to our existing, and currently reliable, transmission system.

Second, for the portion of renewables they are able to build, they will need reliable backup power in place because they won’t be able to build storage quickly enough, due in part to the same supply chain issues, delays in permitting and other time-consuming processes. Today, we have 1.5 gigawatts of battery storage deployed and another 14.5 gigawatts expected to come online by 2024. Of this amount, only 4% will be standalone. Of the rest, 9.4 gigawatts will be co-located with solar and 1.3 gigawatts with wind. That means utilities will be unlikely to install batteries

²² DOE’s Use of Federal Power Act Emergency Authority | Department of Energy.

²³ California’s curtailments of solar electricity generation continue to increase—Today in Energy—U.S. Energy Information Administration (EIA).

²⁴ FN 8 at 6.

²⁵ FN 8 at 1.

²⁶ *Ibid* at 2.

²⁷ *Ibid* at 5.

²⁸ *Ibid* at 2.

²⁹ *Ibid*.

without planning, siting, permitting, and constructing solar or wind farms.³⁰ Notwithstanding the collective effort of Congress, DOE, the national labs, the private sector, the SPAC investors, private equity, and the many universities and think tanks to achieve the breakthrough, grid-scale battery storage needed to accommodate the variable sources of energy we desire, we have yet to make the technological breakthroughs necessary for grid-scale battery storage to be available today as a reliable, cost-effective solution. It's likely, if the CEPP is enacted this year, the backup power will be fossil energy. As mentioned, today at best, we have battery technology capable of operating 4 hours in duration. Long-duration energy storage is still in its early development.³¹

Third, the CEPP may very well kill the development of zero emitting nuclear development and deployment and any chance of deploying carbon capture technologies. Take nuclear: Congress has spent billions to fund nuclear technology development and deployment ranging from fuel technologies for existing units to small modular reactors to fusion energy. None of the new reactor technologies being funded by Congress can possibly be built in the time frame of the CEPP. To be sure, nuclear qualifies under the CEPP but where is the investment incentive to develop new technology? If we abandon our commitment to maintain technological leadership in nuclear generation, we will cede new plant construction around the world to our competitors at best or Russia or China. These are countries without the obligation to enter into other nonproliferation or enrichment agreements with those they are providing nuclear technology. Congress should carefully at programs that might appear to accomplish one goal but lose another of greater security importance.

As for CCS, like nuclear, it is likely eligible under the CEPP. However, like nuclear, these facilities involve a longer planning and construction time than the CEPP allows. And, like nuclear, Congress has supported both technological development through research and development through appropriations to DOE and its deployment by the enactment of 45Q tax credits for both CCS and CCUS. By making CCUS less of an opportunity for the power sector, we lose out on the opportunity to produce low-carbon oil, because we won't be capturing the CO₂ necessary to produce it. That means higher-carbon oil produced by foreign competitors will take its place in the oil market.

Both nuclear and carbon capturing technologies simply cannot be permitted and built in time. And that means the world, not just the U.S., but the entire world is going to lose out on technology that we would otherwise build, test and export. It will be the U.S.—the world's technological leader—building new technologies that can be exported around the world to supply reliable power with low emissions and low cost. All credible experts agree that global deployment of carbon capture technologies is essential to reducing global emissions. It is foreseeable that global emissions would miss out on reductions that could have been made across the world because this proposal will set back our technological leadership, about which I know quite a bit from my time at DOE, implementing the clean energy programs Congress assigned to us.

Congress should conduct hearings specifically on the CEPP to determine if it is in fact, "good for business."

Finally, and perhaps most importantly, another interesting aspect of the CEPP is that it is part of a "roadmap" proposed by Evergreen Action comprised of several mechanisms that Congress should enact to achieve emission reductions in the electricity sector. Most of the reductions would be obtained through the extension and enhancement of tax credits, not the CEPP. It is my understanding DOE has reviewed some of these provisions and has indicated that full implementation of the tax package provisions under consideration would result in a 73% clean electricity sector mix by 2030. Thus, the CEPP's role is to obtain the remaining 7%. It seems an overreach to enact a program that will increase the federal deficit by \$150 billion over the next 10 years³² to achieve an additional 7% clean electricity sources when the U.S. is building renewables at an already historically high pace. It has been reported some utilities will expend more capital by several factors to comply with CEPP than expended in the past 15 years. One major utility, which has already announced plans to add 16,000 MW of renewables-over half of its current load-has raised questions about the impact of the program on market prices and failing to take into accounts the costs to build and upgrade transmission systems.³³ Layering

³⁰ Most planned U.S. battery storage additions in next three years to be paired with solar—Today in Energy—U.S. Energy Information Administration (EIA).

³¹ FN 18, 19.

³² FN 8.

³³ Major utility questions Biden's signature climate plan—E&E News (eenews.net).

on an administratively burdensome and costly CEPP regime to get to the administration's goal of 80% in 2030 appears to be excessive.

Moreover, the CEPP does not specify how revenue collected would be used and directs the Department of Energy to administer the program.³⁴ For a Department whose missions are to conduct basic science research, maintain our nuclear security systems, cleanup environmental wastes at the Manhattan Project sites, and develop breakthrough technologies in the energy sector, this would be an entirely new challenge for it. From my experience in employing qualified people into the service ranks at the Department, under current hiring processes, DOE would not be able to get the number of people in place in time to carry out the aggressive timetable set forth under the CEPP. Congress would have to change the hiring process. The Executive Branch cannot hire qualified candidates as efficiently as the Legislative Branch.

Speaking of roadmaps to meeting emission reduction targets, I typically encourage policy makers to read the Lawrence Livermore Lab Foundation's "Getting to Neutral."³⁵ It was prepared at the request of the state of California to determine if the state could meet what it considered to be a very aggressive "net zero" goal by 2045. The scientists that performed the analysis and published the study determined the state could achieve its goal with existing technologies at a cost of between \$5 billion to \$15 billion annually to the citizens of California. Importantly for policy makers, the report assumed no statutory changes by the state or federal government. It does not call for the ban or elimination of fossil fuels. It recognizes fossil fuel's continued role in our economy and its role in achieving net zero goals. The report concludes that California would need to put CCS on existing point sources, develop pipelines to transport carbon and its geologic storage capacity to ensure permanent sequestration with monitoring, better land management of forests and wetlands to increase biomass and biofuels production and increase natural carbon sinks, and to employ existing direct air capture technologies. The report goes on to suggest other technologies capable of deployment today including carbon weatherization with rocks and use of cellulosic ethanol. All technologies are currently available for use. Congress could consider creating a fund for continued development of these technologies and incent deployment nationwide. There is no need for Congress to pass legislation penalizing anyone for not reaching arbitrary reduction goals.

Suggested improvements to the CEPP

All this is not to say there couldn't be improvements to the CEPP as drafted. While it would take significant improvement to overcome the flaws of the current construct, I haven't met one industry, corporation, NGO, not-for-profit, trade association or person who does not want to be part of the solution to achieving emission reduction goals. All are willing to work on new proposals as they are made aware of them. You have probably heard from the munis and co-ops as well as the investor-owned utilities that some "tweaks" to the CEPP should be considered. Supportive suggestions include language being considered by the tax committees: eliminating penalty exposure for failure to meet annual percentage targets if the load serving entity meets even higher clean electricity standards, and similarly, eliminating the penalty for failure to reach the 80% target by 2030 if annual progress targets are met; increase the annual averaging mechanism to lessen the severity of penalties to avoid either increased cost of electricity to consumers or increasing capital costs that result in increased rates to consumers.

In addition to those improvements, other suggestions include allowing state public utility commissions to determine whether compliance payments should be recovered in retail rates removing the express or design a mechanism to have benefits flow to customers and remove the compliance payment paid by the utilities; spreading out the acquisition amounts more than the 4% target in a given year be allowed for use in meeting compliance requirements across the full ten-year timeframe in recognition of the fact that capital is expended in varying amounts depending on the specific projects, not uniformly over a certain time period; and giving credit for early action and removing the compliance payment should there be any "backsliding" due to the vagaries of renewable power caused by low hydro, low wind, solar generation from year to year for utilities already achieving 85% clean electricity. These are just a few of the many suggestions that have been reported in the press.

But in the end, as a former Chief Counsel to an authorizing committee, I believe the best approach is to use regular order to develop policies and programs outside of the reconciliation process. A fair, open and transparent process always results in

³⁴ Ibid.

³⁵ Getting_to_Neutral.pdf (lnl.gov).

opportunities to participate in bipartisan debates. In the end, one might not prefer the outcome but none can complain about the process.

Members of the Select Committee, this concludes my prepared statement. Thank you again for the opportunity to testify today and I look forward to answering your questions.

Mr. CASTEN [presiding]. I apologize. Thank you for your testimony.

The chair now recognizes Mr. Edsey for your prepared remarks.

STATEMENT OF DAVID EDSEY

Mr. EDSEY. Thank you.

I would like to thank Chair Castor, Ranking Member Graves, and Congressman Casten for the introduction, and the other members of the committee for inviting me to address you today on this issue of such extreme importance to our entire country and the world.

My name is David Edsey, and I am employed by Zurich North America, one of the largest commercial insurance companies in the U.S., as its Climate Director, a role which my employer created as part of its broader response to climate change.

In addition to our casualty and specialty lines of insurance, Zurich insures the commercial properties of thousands of U.S. companies against physical damage caused by flood, windstorm, hail, wildfire, and other extreme weather events. Our property policies also pay for our customers' lost business income resulting from damage to their property, power outage, or damage to their supply chain due to extreme weather events.

In short, Zurich, like all other property insurers, is dramatically exposed to extreme weather events, now made more frequent and severe due to anthropogenic climate change. The science of climate change and, in particular, the recent IPCC Sixth Assessment Report, are extremely alarming to Zurich, not only with respect to its own exposure, but also due to the potentially devastating impacts to our customers, communities, the economy, our ecosystems, and the humanitarian toll likely to fall upon the most vulnerable on this planet.

In response to this threat, Zurich has prioritized helping our policyholders and communities adapt to the effects of climate change in reducing greenhouse gas emissions. For example, in alignment with the Paris Agreement, we have committed to achieving net zero emissions by 2050 in our own operations, in our investment portfolios, and in our underwriting portfolios, and have already made significant progress towards these targets.

We are also sponsoring the not-for-profit Instituto Terra, which is restoring nearly 2,000 acres in Brazil's Atlantic Forest by planting 1 million trees, and restoring biodiversity.

We are also collaborating with the Resilient Cities Network to create a multiyear program to strengthen climate resilience and address social inequities in vulnerable communities, beginning initially with Houston and Boston.

Zurich has made and embarked on many other climate-related commitments and initiatives, including maintaining a prominent presence at the upcoming COP 26 Conference in Glasgow.

Now, of course, Zurich is not alone amongst companies making net-zero emission commitments or financial companies committing to climate impact investment. But the commitments from industry and commerce, though impressive and growing, would not be enough to eliminate greenhouse gas emissions by 2050 in order to keep global warming in check. Decisive governmental action is needed.

As Zurich recently stated in our Closing the Gap on Climate white paper, certainty around political commitment to net zero and the policy actions that will implement those commitments are fundamental to making progress. Without this clarity, it will be difficult to make the investment case for new low-carbon technologies, or to create the pipeline of investable green projects required to really scale green financial markets.

Zurich, therefore, applauds the important work of all of the members of this committee and its staff in developing recommendations on the policies needed to solve the climate crisis. Transforming our society on the scale required to meet this challenge will be monumental. To align with science to limit global warming to 1.5 degrees Celsius, broad and bold public policies need to be enacted that will enable a reduction of our greenhouse gas emissions by 50 percent by 2030 and 100 percent by 2050. And so, it is urgent that we put those policies in place now.

As Congress considers climate legislation, Zurich supports a clean electricity program, as the foundation of a net-zero economy is a clean grid to meet the growing demands of electrified vehicles, buildings, and industries. We further support the extension of tax credits supporting the use of renewable electricity and the purchase of electric vehicles.

We also support public investments in EV charging infrastructure, green hydrogen, and carbon capture and storage.

Zurich has also long held that a meaningful global price on carbon is the most efficient way to achieve net zero outcomes. Done correctly, a price on carbon would allow economic incentives to reduce emissions.

The response to this crisis cannot be overdone and will require the combined efforts of all citizens, communities, businesses, and levels of government. It will also require an unprecedented level of international cooperation, especially to advance emerging economies onto carbon-free platforms, to protect the world's natural carbon sinks, and to share carbon reporting and pricing mechanisms.

Thank you again for allowing me to address you this afternoon, and I am happy to answer any questions.

[The statement of Mr. Edsey follows:]

**Testimony of David Edsey
Director of Climate
Zurich North America**

“Good For Business: Private Sector Perspectives on Climate Action”

U.S. House of Representatives Select Committee on the Climate Crisis

October 20, 2021

Good afternoon. I would like to thank Chairwoman Castor, Ranking Member Graves and other members of the committee for the opportunity to testify before the

Select Committee. My name is David Edsey, and I am the Climate Director for Zurich North America.

I am here today to provide an overview of how Zurich views climate risk, how Zurich is addressing the issue of climate change within our own operations, how we incorporate climate change thinking into our market activities, and how we engage with society more broadly to help advance climate awareness and action. Following the release of the Intergovernmental Panel on Climate Change (IPCC) report this summer, as COP 26 quickly approaches, and as Congress continues to evaluate public policy responses to climate change, today's hearing is particularly timely.

Zurich North America is part of Zurich Insurance Group, a leading multi-line insurer that has been serving its customers in global and local markets for 150 years. With approximately 55,000 employees, Zurich provides a wide range of property and casualty, specialty and life insurance products and services in more than 215 countries and territories. Zurich's customers include individuals, small businesses, and midsize to large companies, as well as multinational corporations. With nearly 8,700 employees in the United States, Zurich has called the greater Chicago area home for over a century.

In addition to our casualty and specialty lines of insurance, Zurich also insures the commercial properties of many of the largest corporations in the US in addition to thousands of midsize companies. Our property policies will pay for physical damage caused by flood, wind and storm surge from hurricanes, hail, wildfires, and other extreme weather events, in addition to loss of business income resulting from those damages. Our property policies may also pay for our customers' lost business income resulting from a power outage or from damage to their supply chains from an extreme weather event.

In short, Zurich, like many other property insurers, is dramatically exposed to the increased frequency and severity of extreme weather events brought about by anthropogenic global warming. The scientific research of climate change, and in particular the summary of findings in the recent IPCC 6th Assessment report, are therefore extremely alarming to Zurich not only with respect to its own exposure, but the potentially devastating impacts to our customers, the economy, our ecosystems, and the humanitarian toll likely to fall upon the most vulnerable on this planet.

This, year, the U.S. has once again seen climate records broken. Through September, 2021 has brought 18 weather and climate disaster events with losses exceeding \$1 billion each across the U.S., and this year is four events shy of the 2020 record for the most disasters on record in a calendar year.¹

Over the last 18 months, it has become clear that no person or place is immune from disasters or disaster-related losses. As an insurer tasked with helping communities, individuals and businesses recover from a catastrophe, we are at the forefront of realizing and quantifying the large-scale consequences of inaction. Furthermore, we have direct insight into the difficulties and challenges in quickly returning to "normal" after catastrophe strikes.

While we cannot eliminate risk or prevent all losses from occurring, we can expedite the return to "normal," by reducing impacts and accelerating recovery. As an insurer, we are continually looking for solutions to limit exposure and minimize risk **before** disaster strikes. Our analysis and risk assessments have identified climate change as perhaps the most consequential and complex risk facing society today. It is intergenerational, international, and interdependent.

Climate change poses an array of challenges potentially impacting every aspect of our society and economies across the globe. From an insurance coverage perspective, many assets may simply become uninsurable if action is not taken to eliminate greenhouse gas emissions and strengthen and adapt our infrastructure. Zurich is committed to helping its policyholders, individuals and communities adapt to the effects of climate change, while at the same time taking action to help bring about the transition to net-zero.

Addressing Climate Change Within Our Own Operations

Zurich was the first insurer to sign the UN Business Ambition Pledge for a 1.5° Future, committing to reach net-zero operational GHG emissions by 2050. Zurich was also a founding member of the UN Net-Zero Owner Alliance, committing to hold a net-zero carbon investment portfolio by 2050. Zurich was also a founding member of the Net-Zero Insurance Alliance, committed to reducing their underwriting portfolios to net-zero emissions.

In 2016, ZNA moved its U.S. corporate campus in Schaumburg, Illinois, to an award-winning headquarters that has earned LEED Platinum® certification, the

¹ <https://www.ncdc.noaa.gov/sotc/national/202109>.

highest rating from the U.S. Green Building Council. The distinctive design underscores our commitment to resilience, collaboration, and innovation.

More recently, Zurich completed a major redevelopment of our global headquarters, Quai Zurich Campus. With our own climate pledges in mind, we are aiming to achieve LEED Platinum certification for the overall campus. Highlights of that redevelopment include:

- power supply in all the buildings comes from 100% renewable sources,
- photovoltaic systems on roof surfaces,
- lake water used for heating and cooling,
- no use of fossil fuel in the building,
- rainwater captured, stored, and used for sanitary systems, and
- electric vehicle charging stations.

Zurich became carbon neutral as of 2014 through its ambitious internal carbon emissions reduction efforts and by offsetting remaining emissions. We have decreased our own CO₂ emissions by 50% percent, eliminating over 150,000 tons of CO₂ from our operations since 2007. While we are proud of our record, we continually assess our own impact and actions. In fact, just last month Zurich announced additional commitments to achieve our goal of being a net-zero emissions business by 2050. Those new commitments include:

- reducing remaining greenhouse gas emissions by 50% by 2025 and by 70% by 2029,
- reducing air travel-related emissions as of 2022 by 70% compared with their pre-pandemic level,
- new company vehicles will be electric or hybrid, with the goal to eliminate internal combustion engine-only vehicles from the fleet by 2025,
- implementing a sustainable buildings program in an additional 50 offices by the end of 2022, and
- setting a new energy efficiency ambition for real estate once the target to switch to 100% renewable power across the Group is reached next year.

While proud of our record, we recognize that as an insurance company we are relatively small emitters of carbon and the true impact comes from our marketplace role as an institutional investor and an insurer of risks.

How are we engaging on Climate Change?

Zurich continues to be a leading voice on the urgent need for action to address climate change. Beyond our own operational actions, Zurich is leveraging our expertise to educate and shape a more global response to the climate crisis. We are investing in and helping communities become more resilient. We are helping our customers navigate the transition to a net-zero emissions economy by providing products and services that lower their emissions and strengthen their resilience to climate change. And, we are sharing broadly our knowledge and engaging stakeholders and policy makers at every level.

Building Resilience in Our Communities

Insurers play a critical role in assisting communities, individuals, and businesses recover when catastrophe strikes. Importantly, the industry also plays a vital role in improving community preparedness and risk management **before** the disaster hits. In furtherance of this mission, Zurich has undertaken a series of initiatives to apply the analytics of insurance to a much broader set of stakeholders. Our goal is to demonstrate the effectiveness of investing in pre-event resilience.

In 2013, Zurich launched its Global Flood Resilience Alliance, a multi-sector partnership focusing on finding practical ways to help communities strengthen their resilience to floods. In 2020, we further extended the program through 2024 with the goal to increase third-party investments dedicated to pre-event resilience by \$1 billion. We seek to do this by rolling out best-practice community programs that demonstrate the value of resilience-building and advocating for more investment in resilience.

Last week, Zurich announced a collaboration, through Zurich's charitable foundation, with Resilient Cities Network to create a multi-year program designed to strengthen climate resilience and help address social inequities in vulnerable communities in Houston and Boston. Zurich has committed \$3 million to the program. Resilient Cities Network will identify neighborhoods and bring together community and government partners for the program. The program is expected to attract additional funding and generate policy support, which together will amplify successful, resilience-building projects. While the initial focus is on Houston and Boston, the program will expand to scale best practices in other cities, building urban resilience throughout the United States.

Another approach we take is to share our knowledge about resilience through the publication of our Post-Event Review Capabilities, or PERCs. To date, we have completed 18 PERCS globally. In the United States, we have conducted four (4) such reports covering flooding events in North Carolina, South Carolina, and Houston, and wildfires in California. The PERCs systematically and holistically analyze disaster events, what led to the disaster, and identify actionable recommendations to enhance resiliency.

In March of this year, ZNA provided testimony to the House Transportation and Infrastructure Committee, Subcommittee on Economic Development, Public Buildings, and Emergency Management. In summary, our testimony stressed the need for infrastructure investments to focus on pre-disaster mitigation and sustainability.

From our perspective, prevention and resilience-building are not just about humanitarianism, they are about the more effective use of scarce funds, preventing loss, and speeding economic recovery. Our own post-event studies conducted after significant flood, drought and wildfire events show that every \$1 spent on resiliency resulted in \$5 of savings post-disaster. Other research, such as the frequently cited National Institute of Building Science's (NIBS) Mitigation Saves Report,² has confirmed our assessment and, in some cases shows an even stronger cost benefit ratio. The evidence shows that investing in pre-disaster mitigation can limit losses, accelerate recovery, and is overall responsible budgeting.

Importantly, Zurich is directly engaging with our customers. Through Zurich Resilience Solutions, our customers (and other businesses) can tap into our expertise to help them quantify climate change risk, by providing insights on current and potential future risks, and by identifying more specific mitigation and adaption actions that they can implement. We are able to provide a holistic, detailed, and catered approach that goes beyond the physical risks associated with extreme weather, and address some transition risks, which could include liability, regulatory and compliance, environmental, social and governance (ESG) integration.

Investing in resiliency and mitigation helps to make individuals, communities, and businesses better prepared for disaster and recover more quickly when disaster does strike. As outlined previously, we are making investments to enhance resiliency in communities around the world. Governments, at all levels, play a vital role in strengthening community resiliency by investing in sustainable infrastructure that is designed to withstand the impacts of extreme weather and climate change. We were pleased to see that the Infrastructure Investment and Jobs Act includes significant funding for pre-disaster mitigation and urge Congress to pass this important legislation.

In addition to direct investment in resiliency, Congress should require that federal agencies consider future conditions and the impact of climate change in the development, planning, and design stages of federally funded projects. Beyond the planning and design stages, Congress should incentivize the development and enforcement of modern, consensus-based codes; encourage sound land use planning; and ensure transportation networks are interconnected and appropriately sized to reduce vulnerability.

Congress should also incentivize the use of industry best practices and standards that go beyond consensus-based codes, particularly high-risk areas or to meet a specific need. Examples of this include the Institute for Business and Home Safety (IBHS) Fortified standard and the Institute for Sustainable Infrastructure (ISI) ENVISION standard. With regard to sustainability standards, the House Appropriations Committee has recognized their value and importance by including report language in the FY22 Financial Services and General Government appropriations bill directing the General Services Administration (GSA)³ and encouraging the Office of Management and Budget (OMB) to develop sustainability standards for federal buildings and federal capital projects.⁴

Transition to a Low Carbon Economy

As set forth above, Zurich has imbedded mitigating climate change into its corporate DNA and is working to reduce its own operational greenhouse gas emissions and those within its investment and underwriting portfolios. Zurich, of course, is not alone amongst companies that have made net-zero emission commitments to align with the Paris Climate Agreement. Nor is Zurich alone amongst financial companies that have committed to invest in the technologies and industries needed to reach 2050 net-zero targets.

² https://2021.nibs.org/files/pdfs/NIBS_MMC_MitigationSaves_2019.pdf; page 2.

³ <https://www.congress.gov/117/crpt/hrpt79/CRPT-117hrpt79.pdf>; pg. 73.

⁴ <https://www.congress.gov/117/crpt/hrpt79/CRPT-117hrpt79.pdf>; pg. 40.

But the commitments from industry and commerce, though impressive and growing, will not be enough to halve the emission of GHGs within the next 9 years and stop them altogether within the next 29 years in order to keep global warming to below 1.5°C. Decisive governmental action is needed.

Last month, Zurich released a white paper—*Closing the gap on climate action*.⁵ The paper outlines some of the key public policies needed and actions that corporations can take to address the climate crisis. While recognizing that progress has been made, the paper concludes that much more needs to be quickly done. Our hope is that the paper serves as a call to action and provides a framework for companies, policymakers, Congress, the Administration, and world leaders as they develop policies and strategies to mitigate and adapt to climate change.

To further assist our customer and business with the transition to a net-zero economy, we are expanding our offering for the renewable energy sector and further strengthening our clean energy underwriting capabilities to offer a more complete suite of products and services, tailored to support our customers' transition.

When it comes to public policy initiatives, Zurich has long-held that a meaningful price for carbon at a global level is the most efficient way to achieve net-zero outcomes. We recognize the significant challenges associated with establishing a price on carbon. But, done correctly, a price on carbon would align economic incentives to reduce emissions, provide signals to investors that low-carbon investments are valuable, and could help identify exposure to potential stranded assets. A carbon-price would also help to stimulate investment into clean technology and innovation required for a transition to a net-zero.

Climate change is a global risk and in order to achieve the transparency that investors need, standardization of data is required. The Task Force on Climate-related Financial Disclosures (TCFD) has created a useful framework for companies to start to address the corporate governance, risk management, scenario-playing, and measurement aspects of either adapting to or mitigating the impact of climate change. This approach should form the basis of information that investors and other stakeholders can use to target investment and policies enabling a transition to the low-carbon economy.

The investments required to transition to a low carbon economy are too large for the public sector to meet alone and financing the transition remains a significant challenge. However, governments can play a key role in incentivizing private investment. As Zurich recently stated in our Closing the Gap on Climate white paper,

Certainty around political commitment to net-zero and the policy actions that will implement those commitments are fundamental to making progress. Without this clarity it will be difficult to make the investment case for new low-carbon technologies or to create the pipeline of investible green projects required to really scale green financial markets.

Zurich therefore applauds the important work of all the members of this committee and its staff in developing recommendations on the policies needed to solve the climate crisis. Transforming our society on the scale required to meet this challenge, and doing much of this before 2030 as is necessary, will be monumental. The Majority Staff Report of this Committee on *Solving The Climate Crisis* published last June appropriately sets forth a broad and bold array of policy recommendations which would certainly put us on the right trajectory if adopted into our public policy.

Looking at the Infrastructure Investment and Jobs Act, we applaud the inclusion of investments in the development and research on carbon capture technology and hydrogen power; electric vehicles and EV infrastructure; energy efficiency and renewable energy; and modernizing the electric grid.

We also urge Congress to consider additional financial incentives, such as tax credits or rebates, to encourage business and individuals to invest in low-carbon and carbon sequestering technologies, electricity generation, buildings, materials, products, and vehicles. As noted previously, the investment needed to address the climate crisis is too big for governments alone. Congress should expand bond initiatives, including green bonds, that could leverage private investment and risk sharing. As the foundation of a net-zero economy will be a clean electric grid powering the increasingly electrified transportation and building sectors, Congress should prioritize public policies supporting the growth of the renewable energy industry and improvements to our electric grid efficiencies.

The response to this crisis cannot be overdone and will require the combined efforts of all citizens, communities, corporations, small businesses, and all levels of

⁵ <https://www.zurich.com/knowledge/topics/climate-change/closing-the-gap-on-climate-action>.

government. It will also require an unprecedented level of international cooperation, especially with respect to supporting emerging economies' growth onto carbon-free platforms, protecting the world's natural carbon sinks, and sharing necessary technologies and carbon-pricing mechanisms.

Again, thank you for the opportunity to present our views on addressing climate change.

Mr. CASTEN. Thank you.

Thank you to all the witnesses. The chair will now recognize Ms. Bonamici for 3 minutes of questions.

Ms. BONAMICI. Thank you, Acting Chair Casten and Chair Castor and Ranking Member Graves, but thank you, especially to the witnesses. I have read all of your testimony, and I appreciate that you are here today.

A study released in September by the Department of Energy's Solar Energy Technologies Office and National Renewable Energy Laboratory found that, with the proper policies in place, solar energy could make up 40 percent of the U.S. power sector by 2035, which is a thirteen-fold increase over the current proportion of solar power electricity. The study also projected an increase in total solar energy jobs from 230,000 in 2021 to up to 1.5 million by 2035.

To phase out fossil fuels and spur the job growth needed to achieve such an increase, we must rapidly increase investment in workforce development. Over the past few decades, investment in the public workforce development system has declined significantly, and currently the system is not prepared to train the thousands, if not millions, of new industry professionals in the renewable energy industries who will be an important part of reaching our decarbonization goals.

So, last week, I wrote a letter with 35 of my colleagues in support of preserving as much workforce development funding as possible in the Build Back Better Act, robust funding, which is important, that will increase career counseling; career and technical education; on-the-job training programs, including registered apprenticeships. So making this investment is a priority in the Build Back Better Act, and it is necessary to facilitate this transition to a green economy, help meet our nation's decarbonization goals and, importantly, create good paying jobs.

So my question is, Mr. Campbell, what are your current workforce challenges at Volt Energy? And, on the broader solar sector, how do you expect these challenges to compound as the transition to renewable energy accelerates, and what can Congress do to build a diverse, clean energy workforce?

Mr. CAMPBELL. Thank you, Congresswoman. All great questions.

And I just want to first add on a little bit to what you said about the 40 percent. There is a recent DOE study that said if we get to 100 percent decarbonization by 2035, it will require solar to get to between 40 and 45 percent, but let's talk about where solar is now.

Solar only accounts for 4 percent of our nation's electricity generation, but it accounts for 100,000 businesses in the solar industry, including mine. It also accounts for 230,000-plus Americans with good-paying jobs working in the solar industry.

So we are at 4 percent now, 100,000 businesses, 230-plus thousand employees. We get to 40 percent, what is the growth as far as wealth creation? What is the growth as far as jobs? We cannot afford not to make these investments.

And, specifically, the question as far as some of the workforce challenges that we are facing, we are scaling our business. We are putting our money where our mouth is. We are hiring a lot of people to help us address environmental justice, even though, you know, our core business is developing solar projects.

But one of the challenges that we are facing is we are looking to hire people that look like America. And for far too long, our communities of color have not been engaged in this space, and it is really hard to find diverse talent in this space.

So part of what—

Ms. BONAMICI. I appreciate that, Mr. Campbell. Unfortunately my short time has expired, but I appreciate that, and I yield back. Thank you, Mr. Chair.

Mr. CASTEN. Thank you. And apologies to all for our short timing, but I appreciate your flexibility.

The chair will now recognize Mr. Graves for a far-too-brief 3 minutes.

Mr. GRAVES. Thank you, Mr. Chair.

Mr. Menezes, Secretary Menezes, I want to thank you, again, for coming.

In my opening statement and your testimony, you talked about this CEPP effort in the reconciliation package. You led the agency under this extraordinary reduction, again, beating targets that were set by the Obama administration.

Can you talk a little bit about the strategy that you all used to do that and how—if you were given a magic wand, how you would sort of chart a course moving forward in a clean energy direction?

Mr. MENEZES. Thank you, Ranking Member Graves, for the question.

Yeah. At the DOE, we had a policy—you remember, we are in the executive branch—and it was innovation over regulation. We certainly had options to issue regulations—EPA does, Department of the Interior—but generally, we took the view to get out of the way and to focus on really developing the technologies. We were all of the above. We were very excited about all the technologies.

We saw industry, consumers—people were moving in the direction of green energy. There were many opportunities. Look at all that we have accomplished. We have accomplished so much in the electricity sector without a carbon tax, without a mandate, that it is almost hard for the government to catch up with what is going on.

So research and development dollars, basic research. We talk about this technology in solar. Solar is a great thing. We have a lot of sun.

The problem that we have, and we have got to really focus on is, as much of intermittent renewable as we have, whether it is solar, which is fantastic, wind, still you need ramping technology. Now, everybody is saying we have got battery technology, and that is why I have referred to what is going on in California. We are building it, it's a 4-hour battery. That is the state of the technology there.

So our national labs, indeed universities, everybody is trying to figure out how to get at least 10 hours of battery, and that is the challenge. But, when we get there, it may be breakthrough tech-

nology. It may not be the lithium ions. It may be new technologies, but it is really an exciting opportunity. But we are simply not there yet to be able to, I think, withstand the CEPP, which really confines things to a very small window.

Mr. GRAVES. Yes or no. Do you think, if the CEPP were enacted, it would result in higher energy prices—electricity prices for those making less than \$400,000 a year?

Mr. MENEZES. Well, that is what the CRS seems to be alerting Congress to, because we really don't know who is ultimately going to bear the cost. We do know that it is both the taxpayers and rate-payers.

Mr. GRAVES. Thank you.

I just have a little bit of time left, but, Ms. Kenna, I am curious. Would Patagonia support a Federal certification for no slave labor as a condition of Federal subsidies as it comes to a clean energy future?

Ms. KENNA. Excuse me. Sorry. Thank you. Hi. Are you able to hear me?

Mr. GRAVES. Yes, ma'am.

Ms. KENNA. Okay. Sorry about that. Thank you for your question.

My sense is, is you are asking a question about the situation in China with the Uyghurs in Xinjiang, and Patagonia actually made the decision early last year to stop sourcing altogether—stop sourcing cotton altogether from that region.

And just want to get back to why we are here today, which is that the business community supports investments in climate, and we need it both so that we can—as I understand from your staff, that you like to get outdoors and have fun, our community does, too. We need these investments so that we can recreate, have fun outside, and because they are critical to our bottom line.

Mr. GRAVES. Yeah. And, Ms. Kenna, I know I am out of time, but I just wanted to clarify. I wasn't speaking about Patagonia's own materials or products. I am talking about for energy products, but we can clarify that on the record. Thank you for your answer.

Ms. CASTOR [presiding]. Thank you.

And Representative Casten, you are recognized for 5 minutes.

Mr. CASTEN. Representative Casten was suppressed. Thank you, Madam Chair.

Mr. Menezes, I want to thank you for your testimony, and I want to start with two points you raised that I totally agree with. Number one, we have to push to electrify everything as quick as we can, or as much as we can to decarbonize. And, number two, that will require a rate of decarbonization and deployment of renewables beyond anything we have ever achieved. I agree.

The reason that we have done that is because our job today is not to justify delay or make excuses for inaction. I think our predecessors have set that bar too high. We have run out of time, and we have to act. And so, I would urge us all to be inspired by both the fact that we electrified rural America in a decade.

As Condoleezza Rice says, our job is to make the impossible seem inevitable in retrospect. So let's not be constrained by our ambition. Let's get it done.

Two points of yours I disagree with are the reliability and the price. France; Ontario, Canada; a couple Scandinavian countries all achieved over 80 percent clean energy without any detriment in reliability. Would you agree with that?

Mr. MENEZES. Two Scandinavian countries?

Mr. CASTEN. Two Scandinavian countries. I mean, Ontario did this in basically a decade. They decided to get rid of their coal, and I haven't seen any hiccups in the Ontario grid.

Mr. MENEZES. I mean, I am not aware of any studies on that, but I am happy to look at them.

Mr. CASTEN. You haven't seen a lot of newspaper reports about outages in Ontario. Let's at least be more ambitious than Ontario.

On the question of pricing, you know, you have got experience in the coal industry. How many must run hours does a typical coal plant have where they would shut off if they could because of the economics, but they can't afford to dial it back and are losing money for their shareholders every hour, for a typical coal plant?

Mr. MENEZES. Yeah. Well, I don't know the exact number, but, yeah, with the low-cost natural gas, I mean, coal plants basically were taken offline, and they were reserved in must-run capacity, but they weren't running in the energy markets.

Mr. CASTEN. Yeah, and the gas, it factors down. You said low-cost natural gas. Is the capacity factor of the gas fleet lower or higher than the nuke fleet?

Mr. MENEZES. In the combined cycle units? The combined cycle units—

Mr. CASTEN. Yes.

Mr. MENEZES [continuing]. Are more efficient than the coal—

Mr. CASTEN. I know, than the nuclear fleet. Which has a higher capacity factor, the nuclear fleet, or the combined cycle fleet?

Mr. MENEZES. I think the nuclear fleet.

Mr. CASTEN. Yeah, because it is cheaper, right?

Mr. MENEZES. Well, when it runs 96 percent—

Mr. CASTEN. Are you aware of anybody who owns a solar panel or a wind turbine or a geothermal plant or a hydro plant who wakes up in the morning and says, I better check to see if it makes sense for me to run today?

Mr. MENEZES. Only when consumers need the electricity is when they really absolutely have to have it, and so what we find is that, when the system is stressed is when they need it, not when they want it. And it is—we need to divine our—design our system to be able to produce electricity when it is needed the most—

Mr. CASTEN. Well, and I guess what I am suggesting—

Mr. MENEZES [continuing]. and that prices don't go through the roof, right? I mean, that is—like we said, that is—

Mr. CASTEN. Well, let's be very clear. As you mentioned, we have NERC, we have FERC to cover the reliability. They do an excellent job, and I trust them.

Every time we build a zero-carbon energy asset, we build a plant that does not require fossil fuel to run, and it has driven down the cost of energy. I know that, because that was my entire career. And we are on the cusp of the greatest wealth transfer in our history from the energy producing sector to energy consumers. Let's get out of the way and run forward.

Thank you, and I yield back.

Mr. MENEZES. Thank you.

Ms. CASTOR. Rep. Casten yields back.

I don't know if Rep. Gonzalez is on or not.

Otherwise, we will go to Rep. Miller. You are recognized for 3 minutes.

Mrs. MILLER. Thank you, Chair Castor and Ranking Member Graves, and thank you to all of you all for being here today.

I want to echo the thoughts of several of my colleagues and note the Clean Energy Performance Program is a performative agenda pushed by liberal activists. I applaud my colleague, Senator Manchin, from my home state of West Virginia, for seeing through what the CEPP pretends to offer, and understanding that wind and solar energy generation cannot and will not ever have the ability to power our country on its own.

CEPP, as currently written, would rob investment in these future technologies, as only a small sliver of so-called renewables would be eligible for these government handouts, incentivizing some technologies and companies over others.

I have long been a proponent of an all-of-the-above energy policy that takes into account the necessity to use fossil fuels to ensure Americans have affordable baseload power while continuing to innovate in technologies that bring them closer and closer to carbon neutral.

While I appreciate the lofty goals set by many of my colleagues, I often find myself pondering this practicality of implementing their grand visions, and have found myself living around communities that have been destroyed by the good intentioned ambitions of government leaders.

McDowell County, located in my district of southern West Virginia, is one of those communities. Once a thriving area with a population well over 100,000 people, it was obliterated by former President Obama's war on coal. Now there are in the teens, less than 20,000 people that remain in McDowell County, where the cost of their daily lives only continue to rise as out-of-control inflation continues to take hold, and rising gas prices cuts into their paychecks for every mile they now have to drive to jobs in neighboring counties and states.

While some of my colleagues on this committee today may say that West Virginia is irrelevant—bless your heart—I would like you to note that our small but mighty state is the fifth largest energy producer, and you are welcome for keeping your lights on this winter.

Mr. Menezes, could you briefly explain how enhanced oil recovery works, and how this process can create carbon-negative oil and gas?

Mr. MENEZES. Thank you, Congresswoman, for the question.

I made reference to the carbon capture technologies that may be at risk if CEPP goes into play right now. Congress has enacted the 45Q tax credits, and what carbon capture, utilization, and storage allows to happen is, you can take captured carbon, and you can push it down into oil fields or formations that have been essentially depleted, or at least what was able to get out of them, you know,

when you first took the oil out, so there is plenty underground in those formations.

You take the captured carbon, and you pump it down essentially into those wells, and it brings additional oil up. And, while it does, some of it stays in. When it comes up, that carbon that is with the oil is separated and put back down in, and it is constantly recycled so that over time, there is more captured carbon that stays down and is permanently sequestered in that oil field than it is in producing the barrel of oil.

And the emissions are offset over time then—basically it is a negative-emissions outcome.

Mrs. MILLER. Is my time up? Thank you.

Ms. CASTOR. Thank you, Rep. Miller.

Mrs. MILLER. I yield back.

Ms. CASTOR. Next, we will go to Congresswoman Brownley. You are recognized for 3 minutes.

Ms. BROWNLEY. Thank you, Madam Chair.

Ms. Kenna, I wanted to ask you a couple of questions. First is: Why should the business community really care about passing climate legislation?

Ms. KENNA. Sorry about that. Thank you. Thanks so much for that question.

The business community should—does care about climate investments, and, in particular, these climate investments, because, frankly, the cost of inaction is not an option.

The costs are only going to go up, and already we are seeing the effects of this climate crisis. It is affecting our ability to enjoy and recreate outside. And it is affecting our bottom line. And, as a business that is part of an \$800 billion industry, we need a healthy planet both so we can get outside and do our business.

Ms. BROWNLEY. Well, thank you for that.

And you mentioned your bottom line, and could you elaborate a little bit more on why climate investment is important to your bottom line and to others and their bottom line?

Ms. KENNA. Absolutely. So, you know, our company is made up of people who like to get outside, and we were founded for that reason, and we are still in business today, because we fight for those same places to get outside.

As a business that has been also engaged on protecting these places, we know that public lands contribute immensely to the health and economic vitality of local communities, from the ecosystem services of clean water and air to healthy communities for kids and families, to the recreation and outdoor industry that we are a part of.

National parks, national wildlife refuge, monuments, and other lands and waters, they account for \$45 billion in economic output, and nearly 400,000 jobs nationwide, many of which are in communities in rural areas and with close proximity to public lands.

This Build Back Better Act offers a bold and urgent opportunity to address this crisis and support our bottom line.

Ms. BROWNLEY. Thank you for that. And I certainly thank Patagonia for their investments in our nation's outdoors, our nation's public lands. You have certainly played your part.

Last question, quickly, is: If you could talk just a little bit about, you know, embracing renewable energy in your facilities. Are you? If you are, where are you? If you could talk a little bit about that for a minute, or for 9 seconds.

Ms. KENNA. Yeah. Yeah. Great question.

So we are. In our owned and operated facilities, absolutely. We are very near to having 100 percent reliance on renewable energy. In your district, you have seen probably our campus. We have solar panels here. But the bulk of our emissions comes from our supply chain, and we are committed to reducing our emissions all the way through.

We are also using the whole-of-business approach to push on our community and our policymakers to advance community-driven solutions to support a transition to renewable energy and nature-based climate solutions.

Ms. BROWNLEY. Terrific.

Well, thank you, Madam Chair. And I invite the committee to go visit a forward thinking company in my district, and visit Patagonia.

Ms. CASTOR. Love Ventura County.

Ms. KENNA. Thank you.

Ms. BROWNLEY. I yield back.

Ms. CASTOR. Next, Representative Gonzalez, you are recognized for 3 minutes.

Mr. GONZALEZ. Thank you, Madam Chair. I am going to start with Ms. Kenna and Mr. Campbell, just some quick yes or noes. I think you have said already today you believe we need bold, urgent action to stop climate change today, correct?

Ms. KENNA. Yes.

Mr. CAMPBELL. Yes.

Mr. GONZALEZ. Yes. Yes or no. Do you support a \$27 billion investment for grid infrastructure?

Mr. CAMPBELL. Yes.

Ms. KENNA. Yes.

Mr. GONZALEZ. What about \$21.5 billion investment for clean energy demonstrations to research carbon capture?

Mr. CAMPBELL. Not as well-versed on carbon capture, so I can't opine on that.

Mr. GONZALEZ. Okay. Clean energy demonstration projects, though, generally.

Mr. CAMPBELL. Generally, I would say yes.

Mr. GONZALEZ. Okay. Yes or no. \$6 billion investment to support the existing civil nuclear fleet?

Mr. CAMPBELL. No.

Mr. GONZALEZ. No? Not fans of nuclear?

Mr. CAMPBELL. No.

Mr. GONZALEZ. Okay. I guess that would make sense considering the business model.

I respectfully disagree on that.

Having said that, I wanted to go through that primarily to—well, and then one final thing for Ms. Kenna. You said the cost of inaction on climate goes up with each passing day, correct?

Ms. KENNA. Yes.

Mr. GONZALEZ. So mostly yes answers to those questions, so I guess my thought is: What justification could there possibly be for my Democratic colleagues and for those who believe we need bold, urgent climate action, and the cost of inaction goes up with each passing day, not to put up a bipartisan infrastructure package today which has the exact investments that I just outlined?

I see no possible logic. If you are going to sit here and argue that every day we waste is a day that climate gets worse when we have a bipartisan package that we could put up, it would pass—I think, I hope, I would vote for it—and we need to do that.

Mr. Campbell, I am going to stay with you and talk about inflation for a second. Solar sector has not been immune to the supply chain disruptions and rising commodity prices. Price of silicone, for example, has increased 300 percent in just the past few months. One of the pillars of the CEPP would incentivize utilities to go green by rewarding them for shifting to wind and solar energy. If the bill only stimulates demand for solar panels but doesn't solve the underlying supply chain issues, wouldn't that further drive up inflation?

Mr. CAMPBELL. Possibly, but I—Congressman Gonzalez, I would also like to highlight, when I started my company in 2009, we are—take a step back. We are developing a 139-megawatt project in Missouri, which would cost us about \$160 million to build. Eleven years ago, that would have cost us over \$900 million to build. So, due to smart climate legislation, the cost of solar has drastically come down. But, like any other industry, we are not immune to inflation.

Mr. GONZALEZ. Right. And the raw material, silicone, though, that has gone up by 300 percent, the raw material of silicone?

Mr. CAMPBELL. I am not aware of that fact, Congressman.

Mr. GONZALEZ. Okay. I cite the statistics on that.

My bottom line is, we have urgent climate action. We need to make the investment. We should put up the bipartisan infrastructure package, which a lot of people agree on.

And, secondly, we can't be immune to inflation. We can't be spending \$3.5 trillion when the economy is already overheating. It is horribly irresponsible.

And, with that, I yield back.

Ms. CASTOR. Thank you, Rep. Gonzalez.

I will recognize myself for 3 minutes for questions.

Mr. Edsey, you've testified that insurers are increasingly thinking about their exposures because we are—these extreme climate-fueled weather events are just coming more frequently. They are more costly. And it is not just insurers. It is my neighbors back home in Florida. Our property insurance rates, flood insurance, and people now are connecting it to the climate crisis.

So tell us how Federal action would really help us address the increasing cost of climate when it comes to insurance rates?

Mr. EDSEY. Sure. Thank you, Chairwoman CASTOR. Thank you.

You know, we have done studies that every dollar spent on building up resiliency saves \$5 in post-event repair work. So certainly, any investment from the public sector or from the private sector into fortifying properties against climate change and increased

flood and increased hurricanes are going to, you know, save money down the line.

You know, being an insurance company, we are in the business of assessing risk and managing risk, helping our customers manage that risk, helping our customers mitigate the risk, so we take the science of climate change very seriously.

And, so, when you look at mitigation, the efforts that we could take as a society and the world in investing in lowering greenhouse gas emissions is going to be the most valuable investment we can make at this time in order to lessen the severe weather effects of climate change in the future.

Ms. CASTOR. And those costs on businesses and consumers alike. So reducing greenhouse gases. We also think that local communities need additional tools to help build resiliency. I remember I was a young lawyer working for the State of Florida after Hurricane Andrew, and, at that time, the State of Florida stepped up, and they improved their building codes. And it was kind of held up over time as a very important move. It probably has saved businesses and consumers' costs over time. But now those codes and standards haven't kept up.

What is important for the Federal Government to do to partner with local communities to make sure we have the appropriate building codes and standards in place?

Mr. EDSEY. Definitely. Whatever the Federal Government can do to encourage local, consensus based, you know, up-to-date standards on building codes is going to help those local communities respond. And, in more vulnerable areas, what should be supported is for high hazard risk standards. There is the FORTIFIED Standards, and IBHS has FORTIFIED Standards to fortify against wildfires and flood.

Ms. CASTOR. Well, thank you very much.

Thank you for putting up with us today on the in and outs, and I want to thank all the members for being very efficient.

Are there any members who have not had an opportunity to ask a question today? Terrific.

Well, I want to thank all of our witnesses—if we can

Ms. BONAMICI. Can I ask a quick question?

Ms. CASTOR. Yeah. Why don't we—since Rep. Escobar is coming back from the vote and Mr. Carter is going to come on in just a second, Rep. Bonamici, I will recognize you for 3 minutes for an additional question.

Ms. BONAMICI. Thank you, Madam Chair.

And I really, again, want to thank you all for being here today. And I want to ask Ms. Kenna a question.

I represent a district in the Pacific Northwest, and the outdoor recreation industries are very, very important to our quality of life and to our economy, so I wanted to ask you, Ms. Kenna, in sort of general terms, how has the climate crisis affected your business?

But, also, once we get on this path to a clean energy economy and address the climate crisis, how will that positively affect your business?

Thank you.

Ms. KENNA. Yeah. Thank you so much for that question.

I had the pleasure this past weekend of spending some time with some of the ambassadors, the athletes in our communities. These are world-class bikers and skiers and climbers, anglers, and they report, with each year, they are seeing these effects of the climate crisis more and more. And so, that is part of our community. And then, of course, there is our bottom line, and how we operate our business, our supply chain, our distribution center, and our headquarters.

As I mentioned in my testimony, we have had to shut down our Reno distribution center several times this year already because of smokey skies from these really severe wildfires.

In 2017, our headquarters here in Ventura had to shut down for a month. And that was a fire that was here on our campus. At the time, it was the largest one since. And I believe, each year since then, we have seen bigger and bigger fires.

So, without a doubt, this is having an effect on our business and on our community.

Ms. BONAMICI. Thank you.

And I just want to note that last year we had the horrific wildfires and smoke. This year we had the heat dome, where more than a hundred people lost their lives in Oregon because of the extreme heat.

And I was recently hiking at Mount Hood, and I have never seen it more brown. Usually there is snow there and skiing year round. That is not happening now because the temperatures are so high and the heat.

So thank you so much for your testimony. And I yield back. Thank you, Madam Chair.

Ms. CASTOR. Thank you, Rep. Bonamici.

Next we will go to Rep. Gonzalez for his second round of questions.

Mr. GONZALEZ. Thank you.

I want to start with Ms. Kenna again and just talk about the nuclear point a little bit more.

Patagonia thrives and is built around the notion that we should all be able to enjoy the outdoors, we should all be able to enjoy the natural habitat. I am a customer of yours, I love your products, and appreciate that mission, and I share it.

That being said, the opposition to nuclear strikes me as somewhat misguided. I guess I would like to hear your thoughts on it more, given that we know for sure that if we put solar and wind all over the country, that there is a natural habitat destruction and a biodiversity problem that you just can't get away from, as far as I know.

But I am curious for your thoughts on that. Because my view is that nuclear actually allows you to solve for that.

Now, the cost of nuclear is too high. There is a lot we need to do to improve our nuclear infrastructure. I am working on a lot of those things in a bipartisan way with many of my colleagues.

But I would love to hear from you why Patagonia would be against nuclear, given what we know about the biodiversity challenges associated with solar and wind.

Ms. KENNA. Thank you, Congressman. It is a great question. And also thanks for being a customer. We appreciate that.

So you are right, we do have a lot of concerns about nuclear. And I am not a nuclear expert, but what I do know is that the waste associated with nuclear is incredibly problematic. We don't have a solution for it. So that is why we are pushing for investments in wind and solar.

And you are right, we need to be mindful about where we are putting windmills and solar fields. And it is our point of view, our perspective, that we should take advantage of underutilized areas. Brownfields and landfills, for instance, would make for great locations for wind and solar.

Thank you again for the question.

Mr. GONZALEZ. Yeah, thanks for clarifying. Respectfully, I am personally more concerned about the biodiversity challenges associated with wind and solar than I am the waste issues associated with nuclear.

I think the nuclear waste issues are much more solvable and, frankly, have moved a lot further. I just don't know how you throw up solar panels all over the country without destroying the natural habitat.

And that concerns me greatly as somebody who loves the outdoors, who is passionate about climate, and wants to see my kids, my grandkids, have the opportunities to enjoy the outdoors in the same way that you and I have for much of our lives.

Ms. KENNA. Yeah. Mr. Gonzalez. So with that, I thank you for clarifying. And I yield back.

Mr. CASTEN [presiding]. I commend the gentleman for finishing under time. I think that is a first here on this 3 minute panel.

The chair will now recognize Ms. Escobar on the TV screen.

Ms. ESCOBAR. Thank you so much, Mr. Chairman.

Really appreciate all of our witnesses who are here today sharing their expertise. And I will be as brief as I can in my question, but first some quick context.

We know that the Federal Government alone, nor the private sector alone, can do this. We have to achieve a place where we are saving our planet together. That includes consumers, individuals, local governments, you name it.

And in my community, we have formed—my office has formed a Climate Crisis Advisory Committee, and our focus right now is bringing all parties together, sitting around the same table, so that we can ensure that each sector and each stakeholder creates a climate action plan.

Mr. Campbell, thank you so much for your work as a leader. As I mentioned, we are developing our climate action plan. And as more communities develop these plans, we really have a tremendous opportunity to ensure that there is equity for minority communities who are frequently left out.

My own community is economically disadvantaged and about 85 percent Latino, and it is frequently left out of Federal packages, and local governments don't have a whole lot of money to fund plans like this.

But given your leadership in developing the first Environmental Justice Power Purchase Agreement, how can communities of color plan ahead in order to realize the benefits of a clean energy transi-

tion? What are the things you think we need to be looking out for, planning for?

Mr. CAMPBELL. Great question, Congresswoman Escobar, and thank you for sharing your comments.

So a couple things. I think first, in communities, particularly of color, there needs to be a little bit more education around the impacts of climate change, both to prepare from a resiliency standpoint but also to understand the opportunities.

As I mentioned before, communities of color shouldn't only suffer environmental burdens—they shouldn't suffer at all—they should also participate from environmental opportunities.

I recently had the opportunity, piggybacking on your point, to speak to over 50 students at Howard University two Fridays ago, at 4 p.m., about climate change and solar.

I can speak for myself as a graduate of Howard University. When I was in college, I don't think I would have been at 4 o'clock on a Friday talking about climate change and sustainability.

However, these students have a direct ask for the members before this committee and before Congress in general: They want you to invest in their future. They come from communities, like yours, Congresswoman Escobar, where for far too long they have seen family members suffer from respiratory diseases. It has played out in COVID.

They want these investments from Build Back Better to invest in their future to make sure that, A, they are breathing clean air, which should be a fundamental necessity, but they have opportunities to get good career jobs in renewable energy, in sustainability, and to be able to start their own businesses.

So I just ask everyone to be thoughtful of making a down payment for future generations. Thank you.

Ms. ESCOBAR. Thank you so much.

Mr. Chairman, I yield back.

Mr. CASTEN. Thank you.

The chair now recognizes the gentleman from Georgia, Mr. Carter.

Mr. CARTER. Thank you, Mr. Chairman, I appreciate it.

Mr. Menezes, I want to start with you, because your testimony pretty much focused on the Clean Electricity Performance Program, CEPP.

And I have to say that I read your testimony, and I heard most of it earlier, and I have to agree with you. I think you are absolutely spot on here. And I think it is going to negatively affect reliability, I think it is going to increase cost to consumers, and that it is going to have environmental consequences.

And one of the things that you have highlighted in this is that it is likely to kill the development of nuclear power because of its limited 10-year timeframe.

As you pointed out, CEPP will have the most significant climate action in our country's history. There is no question about that. Yet it passed out of the E&C in the markup, during the markup, and really never had a single hearing by itself as it should have.

And this is important to me because Plant Vogtle, where we have two of the only nuclear reactors under construction currently in the country, it sits right outside my district in Georgia. And Plant

Vogtle, once it goes online, it will provide Georgia with reliable clean energy for up to 60 to 80 years—60 to 80 years—clean reliable energy.

It will power over 500,000 homes, and that would be the equivalent of being carbon free and would be the equivalent of removing over one million cars from the roads each year, and to me, that is an incredible investment.

I just want to ask you, how would CEPP affect the development, in your opinion, how would CEPP affect the development of nuclear energy in our country since it is the only reliable, emission-free source of energy in our country?

Mr. MENEZES. Well, thank you for the question.

The difficulty with CEPP is that, again, it is a solution to a Senate process problem. And so as a consequence, would there be an opportunity to actually have input from all stakeholders? You would try to build in more time.

Think about, by having to comply with this within that budget-scoring window, you are basically picking winners and losers. And the winners will be solar—nothing wrong with solar—and maybe some wind, just to be able to meet the CEPP requirement so you don't have to pay a penalty.

Now, two technologies that we really worry about.

What is going to happen over the next 10 years of the nuclear breakthroughs that we have?

We may never, unless economic conditions change, we really might not build another Vogtle Plant in the United States as we are headed now. But we may very build small modular reactors.

Now, we have some planned out West. At DOE we have been trying to get the NuScale project built in Idaho.

And recently, we shouldn't forget fusion. The Office of Science within the Department of Energy has made some recent breakthroughs in fusion. We have almost kind of forgotten about fusion. But ultimately, if we can harness fusion, imagine, no more water pressure reactors Right? No more fission.

So what happens during the CEPP period? Right? Are we forcing all our technological dollars to go in and try to figure out how it is that we can get more solar and more wind by improving the transmission and get the upgrades?

And just one other thing on nuclear, because the Patagonia witness said some interesting things.

When I was over at the Department, and not many people really know about this, but in the United States, we are pro or against nuclear.

But when you step back and look at what is going on in the world, right now the U.S. is the world's leader in nuclear technology. And we have a statutory obligation that if we share any of this great technology, we have to have 123 Agreements, non-proliferation and non-enrichment for weapons.

Well, what we see—and countries are coming to us and say, "Please, we would like to build more nuclear," because the IEA has said, if you really want to meet your climate restrictions, you ought to look at nuclear, invest now, and over the 40 to 80 years you will have emission clean energy.

Mr. CARTER. Right. Thank you.

Mr. MENEZES. But Russia and China do not have 123 Agreements, and they will get this technology somewhere else. And that is if you are anti-nuclear, you ought to be concerned about that.

Mr. CASTEN. Sorry. We are going to have to move on. It is a fascinating conversation, and we may have some chance for secondary follow-up.

Mr. Graves, I think you are now up for a secondary round of questions should you have any.

Mr. GRAVES. Great. Thank you.

Ms. Kenna, I want to clarify my question earlier, because I think we crossed wires a little bit.

I was specifically asking about, do you believe that if we provide Federal energy subsidies to companies, such as solar energy, wind energy, that they should have to abide by a certification of no slave labor as a condition for being eligible for those funds?

I apologize if that didn't come across the right way.

Ms. KENNA. No, that is okay, and thank you for clarifying.

I think I will stick to what I know here, which is our own supply chain, though, and I am glad to get back to you on that. But certainly with our own supply chain, we have taken a very strong stance against slave labor and work very hard to ensure that we keep up to that commitment.

Mr. GRAVES. Thank you. And, look, I think I have easily got thousands of dollars' worth of y'all's products, having spent a lot of time leading wilderness trips for many years.

But I also want to be clear that I have been very disappointed in seeing the companies stepping out into areas, just like you said, you said staying in your lane, and watching Patagonia step out of their areas where I think they have no expertise. For example, the comment about nuclear. When California recently shut down the nuclear power plant, they had to send a letter requesting that they be allowed to violate their emissions standards because they are going to have to produce electricity from energy.

The United States has one of the cleanest natural gas sources in the world. We have reduced emissions better than any other country in the world—and better than the next 12 emissions-reducing countries—because of our transition to natural gas under a tight regulatory regime.

And so I do think that we need to be very thoughtful about how to proceed in a global direction that results in downward emissions.

Mr. Menezes, I want to ask, with all of your experience in energy policy, are you aware of any recommendations that existed prior to a couple of months ago that mirror the CEPP?

Mr. MENEZES. No. As I put in my testimony, there have been recommendations of the task force looking at this to Congress, some 700 recommendations, the CEPP was not involved in that.

I happen to have—this is a great bible, certainly for lawyers interested in trying to decarbonize, develop policies—“Legal Pathways to Deep Decarbonization in the United States.”

Mr. GRAVES. Is there a Cliffs Notes version?

Mr. MENEZES. There is no nutshell version of this, as I remind my students. But nowhere in here—nowhere in here—is any CEPP. And these are serious-minded people that have been looking at this to try to come up with things like the CEPP, but CEPP is nowhere.

It is not that they are trying to avoid controversial topics. Right? I mean, they propose carbon taxes. So they thought of—they tried to think of everything they possibly could. And I have looked at this thing, and I have shaken it up and down, and I just can't find the CEPP anywhere in there.

So, again, as I have said, now as a former staffer, if we were in a room and the Members said, "You have got budget reconciliation that you have to deal with," well, we know we have a limited window to divine something that has to raise income. It has got to be fees because we don't have jurisdiction over taxes. We are not Ways and Means.

So tight time window, typically something that will cause money to come into the Treasury, so that you basically can meet the payroll requirement so that you don't get 60 votes in the Senate. This is what this is all about.

Mr. GRAVES. Thank you. All right, sit tight.

I would like to ask the rest of you, while we are waiting on additional members to come, I know we have covered a lot of ground over the past hour or so, are there other questions that you would like to be able to cover, or topics maybe that you weren't asked about that you would like to be able to address? Just give you a couple minutes each.

Mr. Edsey.

Mr. EDSEY. Thank you, Ranking Member Graves.

Yeah, I guess I would just like to say that what Zurich, and from our angle of the business community, what we need is an orderly transition to net zero.

In managing risk, we take the science and engineering of risk very seriously. So the message from the IPCC and climate scientists is we need to reduce greenhouse gas emissions by about 50 percent by 2030 and 100 percent by 2050.

So how the public policies are enacted to get us there is something that Washington and the states need to decide, in conjunction with the world.

But it is crucial. If we don't get there, then our economy faces extreme risk. From the insurance industry, we recognize that risk very acutely.

And so, again, we support the work of this committee. And we can't help but stress the urgency of it to Zurich and to the insurance industry and to our economy.

So thank you.

Mr. GRAVES. Mr. Campbell, do you want to [inaudible]?

Mr. CAMPBELL. Sure. And I would like to answer one of the questions you mentioned earlier as well.

So our company has signed a pledge, as part of the Solar Energy Industries Association, not to work with forced labor.

And I will just say this again. Chairwoman Castor mentioned this earlier. In the 9 months this year, we have spent over a hundred billion dollars after disaster after disaster—the wildfires in the West, hurricane after hurricane in the Gulf, flooding in the Mid-Atlantic, here in the Northeast.

But let's just take a step back. We are at an interesting time in our nation's history. The business community supports clean energy.

I was on a conference call today. I am a board member of the Renewable Energy Buyers Alliance. We have set forth a new goal of 90 percent, focusing on some of the largest companies in the world from all industries, getting to 90 percent decarbonization by 2030 of the power sector.

We also have a great opportunity—and this bill allows for that as well too—to decarbonize our transportation sector.

We go back and look at—we have talked a lot about underserved minority communities. Well, guess what the biggest form of carbon emission is in those communities—the transportation sector. And we have the opportunity to look at putting EV charging stations all across this country.

And America has really smart businesses, and these smart businesses, particularly automobile manufacturers, are making significant investments in electric vehicles. Almost every car I could think about is going to have some form of an electric vehicle in the future. And obviously, lastly, we also have the opportunity to electrify our buildings—Federal buildings, commercial buildings, residential buildings—across this country.

So I just hope that we all recognize that we can no longer afford to pay inaction for all the events that have happened, but we have an opportunity to really grow our economy and really prepare ourselves for the infrastructure that is needed of the future.

Thank you.

Mr. GRAVES. Ms. Kenna.

Ms. KENNA. Yeah, thanks for the opportunity.

I will just want to highlight what my panelists have already said and just reinforce this idea that the cost of inaction now is far greater than any of the investments on the table.

Additionally, we haven't talked about it a lot today, but one of the things that is on the table here that we feel really strongly about is the Civilian Climate Corps, which we think would really create new job opportunities in rapidly growing clean energy, ecosystem restoration, and recreation industries for both urban centers and rural communities.

And while at the same time, it will inspire a new generation of conservationists and healthy outdoor recreation enthusiasts.

Mr. GRAVES. Thank you.

Mr. Menezes.

Mr. MENEZES. Yeah, sure, I have something I would like to talk about.

The Lawrence Livermore Lab Foundation did a report at the request of California. When California came out with their “let's get to net zero by 2045,” they asked the Lawrence Livermore Lab Foundation to actually see: Can we do it?

And the lab assumed no policy changes, okay, no carbon tax, no Federal mandates, just current policy. And so the question was: Can we get there? Right?

They said we can. You can get there. You don't need Congress to do anything. And you don't have to be anti fossil. You can accept the fact that we are going to have emissions for as far as we can see. But what can you do and how can you get there?

One, put carbon capture technology on all existing facilities that emit. We have the technology. Let's do it. Can Congress incent

that? Sure, they can do that. You capture it. Now you got to build pipelines. California has a lot of permanent places to sequester, so we are able to do that.

Two, land management. Manage your forests, manage your biomass, and guess what, you can make renewable biofuels, and you can help reduce the emissions in the transportation sector. Okay?

And then finally they looked at everything and they said, with all these reductions, we still need one more thing, we can't quite get there.

But you know what we have? We have direct air capture technologies. We have direct air capture technologies that can actually pull CO₂ right out of the air. We have the technology today. And Congress has been incenting direct air capture.

So together we have the means to be able to get to the goals that we want. We don't have to have things like the CEPP. We just don't have to come up with these things.

So that is really what I wanted to say.

Mr. GRAVES. Mr. Menezes, I see you have got a minute left. If you could maybe talk about, I have watched as you end up having companies that end up spending a gazillion dollars to reduce that last ton of carbon to get to zero.

Could you talk about, with the last 45 seconds or so, should we be doing that and try and focus sector by sector, or should we be looking at ways to identify less expensive offsets that are easier to do?

Mr. MENEZES. Well, that is right. And Environmental Action actually proposed a roadmap. It was a combination of a variety of things. It wasn't just the CEPP.

And so when you look at the roadmap, there were all the things that we have been talking about. I mean, tax benefits, moving to EVs, for example.

It is a very comprehensive piece, in that if you have all the other parts in place, you can get to at least 73 percent of the 80 percent of the emission target that is set forth in the Environmental Action Programme.

So essentially what we are doing is we are going to be spending \$150 billion, according to the CRS, on chasing that 7 percent just to get us to that 80 percent reduction by 2030.

So that is what I have to say about that.

Mr. PALMER [presiding]. I thank the gentleman for his questions. I will now recognize myself for questions.

Ms. Kenna, a recent study found that the Clean Electricity Performance Program that is being proposed as part of the Democrat reconciliation bill would result in a 45 percent increase in electricity prices by 2031 in Arizona, and a nearly 90 percent increase from 2019 rates if the Palo Verde nuclear plant were to cease operation.

This level of rate hike would have low-income and fixed-income seniors struggling to pay their bills to keep their houses warm in the winter.

Is it your company's hope by supporting this bill low-income families and fixed-income seniors will buy Patagonia jackets to stay warm when they cannot afford to heat their home?

Ms. KENNA. Thank you, Congressman.

Look, at the end of the day, we are concerned about the economy, and we are concerned about the planet.

And the oil and gas markets are volatile by nature, as are their prices. And we think one way to avoid this volatility is to expedite the transition to clean energy, which we think is wind and solar, and to protect our public lands, and to cultivate these natural climate solutions.

Mr. PALMER. Would you like to see the transition to renewable energy similar to what they have done in the U.K.? Or Europe, I mean.

Ms. KENNA. Our interest here is in clean water and clean air and a healthy planet.

Mr. PALMER. No, I am asking, if you are really interested in it, then you have kept up with what is going on around the world. Do you recommend that we transition to renewable energy like they have in Europe, and particularly in the United Kingdom? It is a simple yes or no. Or either you don't know.

Ms. KENNA. Look, I think the United States has an opportunity to be a leader. I do. I really do.

Mr. PALMER. Now, let me tell you, you have been coached to filibuster the answer. And I will just tell you, if we transition to renewables the way the U.K. has, last winter they had 3,000 people die because they couldn't afford to keep their homes warm enough.

And that is where we would head with this. We are already talking about a 40 percent increase in household utility costs just in the United States.

And that is going to be particularly problematic, Mr. Menezes, in certain parts of the country. I would like for you to comment on it. Do you think we should transition like the U.K. and Europe have?

Mr. MENEZES. Well, just from the energy point of view, I mean, just what happened last month. So the U.K. has embraced wind. They get 25 percent of their energy from wind. It is a great thing. When it runs, it tends to be cheaper. They have saved a lot of money. Sometimes it produces too much that they can use.

But when they—again, and I mentioned this earlier in a question—when you need the electricity is when you want it. So you have to have it. Right?

So when the wind stopped blowing last month, you saw natural gas prices spike. They had to import natural gas from Russia and the United States, so that was a good thing.

But they had to run a coal plant that had been closed due to anti-fossil policies that are there in Europe and in the U.K.

So again, as I have mentioned earlier, we have to develop the battery technology or the storage technology to be able to be there when the wind stops blowing and when the sun stops shining. We haven't gotten there from a technological point of view.

Mr. PALMER. We are not against renewables, but renewables from an engineering perspective—and I worked for two international engineering companies in a previous career—we are not there for being able to convert to renewables because our grid is a patchwork grid. It depends on a consistent baseload. That is not going to happen.

I also want to point out that if we can't go to next-generation nuclear, if we can't go to maybe more dependence on natural gas, then it is going to have an enormously negative impact on low-income people around the world.

There are projections that approximately, because of the energy crisis right now, that there are about 4 billion people who don't have access to cleaner energy. They are cooking their food using wood or animal dung, cow dung, other combustible materials, which they use inside their homes.

There are about 4 billion people whose life expectancy is much shorter because of that. We are talking about places like the Congo and places like that, that need energy to develop for the benefit of their people.

And I just would like for you to comment on how we can justify some of these policies that the Democrats are proposing when it will create enormous harm for people. And not just in the more impoverished regions of the world, but here in the United States, when you are looking at a 40 percent increase in household utility costs. And they are projecting now that natural gas is going to go to about \$10 per million cubic feet.

That is going to force some people, particularly elderly people, to make a decision on how much they can spend on their utility bill versus their food and their medicine.

Does that sound like a reasonable policy?

Mr. MENEZES. Even the CRS has identified that ultimately it is the electric consumer that bears the cost of policy changes in Congress. And with regard to the CEPP, they say, we really don't know what the outcome is going to be.

With respect to the rest of the world, pulling people out of poverty, electricity pulls people out of poverty. In India and in Africa the leaders are trying to bring electricity to their people. And it is the United States' technology typically which we export to them. And with our policies, we help to put that technology in place.

Technology is not limited to the solar or wind. Certainly it includes all that. But we are trying to also figure out ways to where we can bring small modular reactors, for example, give them an opportunity to do that, and use the U.S. technology.

So with the CEPP and other policies, it seems like Congress is picking winners and losers.

And we haven't even talked about the clean coal technologies that are in existence here. We still have an abundance of coal. We can develop and put clean coal technologies on this, and we can export that technology to the countries that rely mostly on coal.

When you look at the International Energy Agency's projections in those developing countries, coal is going to increase. We have to give them options, because they will not want to turn away from coal because they want to bring electricity to their people.

Mr. PALMER. When you talk about picking winners and losers, I think most of us understand that in the context of favoring certain industries over others.

But I will tell you right now, the legislation that is before us, the losers are going to be low-income Americans, elderly Americans, people who, like I said, are going to be making some really tough

decisions this winter about how much they can afford to pay for utility bills versus food and medicine.

With that, the time is expired.

Without objection, all members will have 10 business days within which to submit additional written questions for the witnesses. I ask our witnesses to please respond as promptly as you are able.

This hearing is adjourned.

[Whereupon, at 3:04 p.m., the committee was adjourned.]

**United States House of Representatives
Select Committee on the Climate Crisis**

Hearing on October 20, 2021

“Good for Business: Private Sector Perspectives on Climate Action”

Questions for the Record

**Corley Kenna
Head of Communications and Policy
Patagonia**

THE HONORABLE KATHY CASTOR

1. Thank you for your leadership on climate action. Just to make it crystal clear, why should the business community care about passing climate legislation?

First, thank you for your incredible work on this issue, especially the emphasis you put on storytelling and bridging divides. At Patagonia, we know that climate change is everyone’s issue and our business, and our community agrees, whether they’re climbers from West Virginia, anglers from Florida or skiers from California. If you run a business and care about your employees, customers, and community, it is a no-brainer to support this legislation. The right thing to do is also the smart thing to do.

The Build Back Better Act offers a bold and urgent opportunity to address the climate crisis before it’s too late, gives working families the support they deserve, and will help strengthen the economy. It is an imperative investment in communities affected most on the frontlines of the climate crisis, communities that are already vulnerable and suffering serious and lasting health issues due to poor air quality exacerbated by climate change.

2. Could you please explain why climate investment is important for your bottom line as well as for the planet?

These two issues are inextricably bound. To paraphrase David Brower, there is no business on a dead planet.

Along with the thousands of US businesses in our industry, Patagonia depends on a stable climate and healthy, protected lands and waters. The climate crisis is not an abstract theory, it is an urgent risk to our business. As such, we need help scaling and incentivizing programs that won’t worsen the climate crisis, and that will increase the pace of urgently needed emissions reductions and a just, clean energy transition.

Beyond climate, this legislation also prioritizes the needs of working families. For the last 50 years, Patagonia has offered paid sick leave, parental leave, and onsite childcare to our employees—and we’ve reaped the benefits through our ability to maintain a robust and engaged workforce. Yet, nationally, fewer than 21 percent of workers have access to paid family leave through their employers. Attracting and retaining top talent and a speedy economic recovery depend on enabling people to return to the labor force by addressing the urgent issues of paid leave and childcare availability.

3. How is Patagonia building a culture of corporate accountability by connecting your climate priorities to other policy positions?

Patagonia is proud to be a certified B-Corporation, which requires us to look beyond profit and consider people, planet and the long-term in every business decision we make. And we have been glad to see other businesses and organizations make similar commitments to consider not just their shareholders but their full community of stakeholders in their business plans.

These corporate commitments, along with bold and aggressive investments from our elected leaders, will create the conditions for the systemic change required for a healthy planet and thriving communities. Government support will also catalyze further business investment and innovation—making our economy more competitive and resilient while strengthening our global leadership.

Patagonia is willing to pay a higher corporate tax rate to fund this critical legislation. Further, we also urge Congress to eliminate tax subsidies for oil and gas companies. The United States spends \$20 billion annually subsidizing fossil fuels. It's a mistake that costs American taxpayers more than \$649 billion each year when considering health, environmental, and climate externalities. It's time to shift those investments to a clean, just future for people and the planet.

4. Under Secretary Haaland's leadership, the Department of the Interior is exploring how to reduce barriers to equity in outdoor recreation. Could you please discuss how Patagonia views diversity, equity, and inclusion when it comes to outdoor recreation and climate solutions?

We can, and should, be doing a lot more to actively engage with individuals and communities who are historically underrepresented in the outdoor community, the environmental movement and our own company. We are working deliberately to create meaningful change by conversing with and listening to the communities we do not represent adequately. We supported the Great Americans Outdoors Act and encourage Congress to pass the Simplifying Outdoor Access for Recreation Act.

5. The Climate Crisis Action Plan recommends smart-from-the-start siting to expand clean energy deployment while also protecting wildlife, wildlands, and cultural resources. Do you agree that, with appropriate policy safeguards, it is possible to advance both conservation and clean energy deployment?

Yes. We must also double down on our work to help communities get off fossil fuels and protect nature, the original climate solution. And we must demand nothing short of systemic change from government and industry.

Science confirms that nature can reduce a third of the CO₂ we need captured by 2030 to slow catastrophic warming. Given the science and urgency, we now focus more than ever on the high-carbon landscapes that can save us, too. Through partnerships with local and Indigenous communities and our 1% for the Planet program, Patagonia has supported the protection of Alaska's Tongass National Forest since 2008, with its 17 million acres of old-growth spruce, hemlock, and cedar that hold hundreds of millions of tons of carbon.

At the same time, communities know what they need to make a just transition from fossil fuels to renewable energy. We support local knowledge and activation of climate solutions, particularly with Black, Indigenous, and other communities of color that have been hit the hardest, lost the most and had the least say in their climate realities. Patagonia will expand our support of groups such as the ones we featured in our recent films DISTRICT 15 (on fighting Big Oil and Gas in California) and We the Power (on the energy-democracy movement in Europe). At the same time, we're committed to a new energy system that gives communities real power.

THE HONORABLE DAN CRENSHAW

1. In your testimony, you write that "Patagonia is working to reduce and eliminate our scope three carbon emissions and are proud that in just four years we won't use any virgin petroleum sources in our materials."

Is Patagonia willing to totally cease the use of all fossil fuels and its derivatives—virgin and recycled—in your business's entire chain of operations from the design and manufacture of fabrics for clothing to the transport of those products on trucks, rail, and ships to stores by December 31, 2021?

We believe that the production of all fossil fuels and their derivatives should be discontinued, and the sooner we move in this direction the sooner everyone from workers to companies can seize the economic opportunities that come from clean energy. While the world cannot stop using fossil fuels overnight, we do need to move beyond them as quickly as possible if we are to leave a habitable planet for future generations, and that is what we are committed to doing at Patagonia. But we need a national plan for the just and speedy transition from fossil fuels to renewable energy. We need to end tax breaks for polluters and we need to offer incentives that promote renewable energy and support conservation. And importantly, we need jobs programs to support those who transition out of the extractive industries.

The fossil-fuel industry needs to participate in its own transition if it is to survive economically the late 21st and 22nd centuries. Their marketing campaigns imply that they understand this, but it is our hope that you and your colleagues hold them accountable to their promises to the planet and communities.

For more information about how we intend to reduce and eliminate our emissions, please visit www.Patagonia.com/climate-goals

2. In your testimony, you stated, “The Build Back Better Act—offers a bold and urgent opportunity to address the climate crisis before it’s too late, and give working families the support they deserve.”

Is it Patagonia’s official position that those men and women working on our nation’s pipeline infrastructure should be laid off from those jobs despite the fact that pipelines have been shown to provide the safest and most reliable method to transport crude oil to refineries?

Patagonia’s believes that our country is missing the opportunity to lead the world on industries of the future. Our government leaders should make decisions on science and the overwhelming threat of climate change, not politics.

We honor the men and women who do the work to build, maintain and repair energy infrastructure. We favor efforts big and small, private and public, to provide the workers of today the means to hold the jobs of tomorrow in an electric-powered economy fueled by cleaner forms of energy such as wind and solar.

3. In your testimony, you stated “Beyond climate, this legislation also prioritizes the needs of working families.” How do you define ‘working families’ and what metrics should be used in determining how their ‘needs’ should be prioritized? Should the needs of the building trades workers be considered in President Biden’s Build Back Better legislation?

A working family, as it was meant, is any family or household in which a person earns a paycheck from an employer and also supports loved ones with that paycheck. Some of the needs of working families that we see in our communities are:

- Access to affordable, high quality child care
- Support to afford and find qualified caregivers for older and disabled adults
- The ability to take a family or medical leave to care for themselves or a child or an ill or injured loved one without falling into financial hardship or forgoing a needed leave

At Patagonia we have found that supporting our colleagues and providing solutions to the needs listed above benefits our entire community and our business. We even wrote a book about it called Family Business and we would be glad to send you a copy.

In terms of the building trades, we are very happy to see that the Build Back Better Act does take their needs into account, especially with respect to paid family and medical leave because eligibility criteria for access to paid leave depends on an earnings history overall (\$2,000 over a recent 8-quarter period) without regard to whether those earnings came from one employer or multiple employers or jobs. This reflects the realities of workers who may have multiple jobs and are hired through hiring halls for their work.

4. In your testimony, you stated, “Patagonia is proud to be a certified B-Corporation, which requires us to look beyond profit and consider people, planet and the long-term in every business decision we make.”

When Patagonia chooses to fund anti-Line 5 advocacy groups and documentaries do you consider those workers in the building trades working to build our nation’s energy infrastructure like Line 3, for example, or are ‘some people’ and their jobs expendable as your actions seem to imply?

We should stop importing the world’s dirtiest oil—Canadian tar sands. We don’t think relying on it is necessary to keep the U.S. economy running, nor is it necessary to keep U.S. workers employed. There are great jobs building the energy of tomorrow, today.

Does Patagonia believe that fossil fuels play any role in our country’s energy economy?

In the short run, unfortunately that is the case, but the transition must begin without delay. For too long, the fossil fuel industry has not only hidden but misled the American people about the effects of their pollution. We believe they should be held accountable for their actions.

5. If the Line 5 pipeline were to be shutdown, how does Patagonia suggest crude oil be transported to refineries in the Midwest?

We must accelerate our transition to renewable energy, specifically wind and solar.

7. Are trucks carrying crude oil to refineries a safe way to transport unrefined crude?

They are safer than a pipeline running under the Straits of Mackinac.

8. Will an additional 2000 truckloads carrying crude oil to refineries result in greater GHG emissions?

Yes. It's a balancing act. It's a better short-term risk than a pipeline leak or spill under waters that are irreplaceable. And this is precisely why we need accelerate a transition to renewable energy.

9. Will an additional 2000 trucks degrade road infrastructure resulting in more roads needing to be repaved with asphalt—a fossil fuel product?

Green infrastructure and the circular economy are making those projects less environmentally destructive, and electric trucks are clearly the direction many major shippers are choosing for their fleets, but we don't disagree that we will be using some byproducts from fossil fuels for the foreseeable future. The question is how quickly can we stop taking from the planet and start being motivated by the benefits of conservation and clean energy?

10. Why is Patagonia clothing so expensive? For a company that has seemingly placed such an emphasis on helping 'working families,' how does Patagonia justify the cost of a Men's Frozen Range Parka which retails for \$699, for example? Hard to believe many 'working families' are buying \$700 winter coats.

We believe one coat that outlasts three coats made for the same purpose is a good value for the customer able to spend more up front to save money in the long run. For those who want a lower price point and for those looking for the most responsible way to shop for jackets, we invite you to check-out WornWear.com. Buying used extends a garment's life by about two years which cuts its carbon, waste, and water footprint by about 82%. And, when you are done with your Patagonia jacket, we are glad to give you credit towards your next new or used one.

I can buy an insulated Patagonia jacket for \$200 (actually under), which means instead of giving \$140M in grants to environmental issues, you could have donated 700,000 insulated jackets to the homeless and those who died from cold-related weather. If 1% of those jackets prevented deaths, Patagonia could have saved 7,000 people in the past 20 years from dying. Why did Patagonia choose not to do this?

That's a false choice between working to save the planet and helping human beings. We do both, and we're proud of it. We donate significant amounts of cold-weather clothing to communities in need and protective clothing to first responders fighting California and Nevada fires made worse by climate change. We prioritize support for grassroots environmental organizations working to protect or restore ecologically important land and water in their communities.

Please provide us with a list of every product Patagonia designs, manufactures, and sells that contain any kind of fossil fuel or chemical feedstock—virgin or recycled.

We believe in transparency. That's why we make this information freely available and accessible on our website and we encourage you to check it out: www.Patagonia.com

11. China's dismal record on human rights record is well documented and, as the Northwest Ohio Building Trades Council letter notes, your company's mission statement mandates that it, "cause no unnecessary harm." Given this corporate dictate, how can you justify operating in a country that openly uses slave labor?

Patagonia takes responsibility for our products, the workers who make them, and the environmental footprint left behind. We invite you to learn more about the range of due diligence activities to promote and sustain fair labor practices, safe working conditions and environmental responsibility in factories that make our projects. You can find that information here: <https://www.patagonia.com/our-footprint/working-with-factories.html>.

In July 2020, we were public in our decision to exit Xinjiang after it was clear we were not able to rely on auditors to ensure that our products were free of forced labor. We no longer source cotton from China.

12. Why does Patagonia manufacture any of its products in China?

Due to misguided trade policies, much of the US apparel manufacturing landscape no longer exists. As a result, we search the globe for the best partners.

Patagonia fought NAFTA and paid for ads in opposition to it because we feared it would degrade environmental standards and displace American workers. We also were vocal in our opposition to TPP.

We would welcome a chance to work with you to support policies that would allow apparel companies like ours to grow organic cotton in Texas and manufacture in facilities powered by wind and solar with workers who make a thriving wage the US.

13. Since China is the world's leading GHG emitter and continues to build out coal fired power plants extensively, in addition to having a dismal environmental record generally, and given your significant presence in the country, have you lobbied the Chinese government to institute mandatory and binding GHG emissions reductions across its industrial sector? If so, please provide documentation detailing what you have requested of the Chinese government. If not, why not?

To date our efforts have been focused on appealing to world leaders to stop hiding behind the excuse of China being a GHG emitter and working to elect leaders who will prioritize people and planet. That said, we do support economic penalties for all countries that are failing to meet their commitments under the Paris Climate Agreement and we're watching to see which countries are keeping their word after Glasgow.

14. What percentage of your clothing is manufactured in China?

Less than three percent of our current and spring line is manufactured in China.

15. Does Patagonia's manufacturing in China contribute to global warming?

All manufacturing everywhere does. We are honest about our carbon footprint and encourage companies to do the same. We welcome you to visit our website our website to learn about why climate is our business: [Patagonia.com/climate-goals](https://www.patagonia.com/climate-goals).

16. How many shipping containers with Patagonia products are sent to the U.S. each year?

That information is not readily available.

17. What type of fuel is used to power the engines of the container ships from Patagonia products?

4% of our total carbon footprint comes from the transportation of our products. We are a part of the Aspen Shipping Decarbonization Initiative to address the challenge of maritime shipping decarbonization. Read more about it here: <https://www.aspeninstitute.org/blog-posts/companies-aim-to-use-only-zero-carbon-ocean-shipping-by-2040/>.

Questions for the Record

Gilbert Campbell

Founder and CEO

Volt Energy Utility and Volt Energy

THE HONORABLE KATHY CASTOR

1. Climate change is both a crisis and an opportunity. How would federal investment in the transition to a clean energy economy help businesses like yours make clean energy more affordable, reliable, and accessible for all Americans?

Thank you for the question Chairwoman Castor. Federal investments in the transition to clean energy will accelerate the decarbonization of our electricity system and help firms like Volt Energy Utility deliver clean energy that is more affordable, reliable, and accessible to a variety of stakeholders. An extension of the Investment Tax Credit (ITC), and incorporating direct pay as an option, provides certainty to investors and lenders that allows project financing for the solar projects that we develop in both rural and minority communities. Additionally, investments in our aging grid infrastructure will allow for more Americans to have access to affordable, reliable, and accessible clean energy.

2. There are many cost-effective policy solutions that could be put in place today to help reduce electricity bills for families while also reducing carbon pollution. Could you please describe some of the cost-effective poli-

cies you would recommend Congress adopt to expand clean energy deployment and promote environmental justice?

The climate crisis produces many environmental injustices. Promoting environmental justice while addressing the climate crisis requires a multifaceted approach, which we have begun to develop at Volt Energy Utility.¹ To address the climate crisis equitably, we need to make sure that underserved communities have access to the assets and health benefits of clean energy. The following are examples of cost-effective policy solutions that would help American families and especially underserved minority and rural communities:

- *National Clean Energy and Sustainability Accelerator*: Referred to as the Greenhouse Gas Reduction fund in Build Back Better, this strategy is based on the state green bank model and is critical in addressing the financing issue that plagues underserved communities.

Not only does the legislation require that **40% of investments from the accelerator supports communities most effected by climate; including communities of color**, it also:

- i. Provides technical support to business leaders to help them package their projects for financing.
- ii. Provides for flexible financing which can help homeowners, farmers and small businesses who may have resources, but do not have a high FICO credit rating. They can look at other factors like consistency of paid utilities to assess credit worthiness.
- *Improving Affordability and Accessibility of Assets*: The other piece of the asset pie is to make assets more affordable and accessible, so that there is less need for financing. Some of these policies include:
 - i. Tax credits with bonus credits for underserved communities and communities with high energy burdens
 - ii. Investments in clean vehicle infrastructure to ensure that funding reaches communities of color
 - iii. Energy efficiency loan and grant programs
 - iv. Consumer incentives for energy efficient appliances

3. How would distributed renewable energy increase the reliability of electricity for everyday Americans?

Distributed renewable energy is an extremely effective way to increase the reliability of electricity for everyday Americans. The extreme weather events amplified by the climate crisis are causing power outages that have serious health and financial implications to American families. Distributed renewable energy has demonstrated the potential to be more resilient, reliable, and in many cases more affordable, all while decreasing carbon emissions. For example, distributed solar energy has been found to enhance grid reliability, redundancy, and resilience. Community benefits include increasing utility cost savings, reducing peak loads, improving the accuracy and response times to outages with smart inverter technology, as well as increasing community's adaptability and independence following a disturbance.

4. How could inaction on climate change lead to increased electricity bills for Americans?

Between 2000—2009 the annual average cost of U.S. climate disasters was around **\$54 billion** (according to NOAA). Between 2010—2019 the average was about **\$85 billion**. Last year alone, we had **\$99 billion** in climate-related disasters and this year we are on track to break that record. While our nation is working our way out of a pandemic that has wreaked havoc on our economy, we cannot afford for our economy to continue to take the additional hits from disasters stemming from climate change. This trend is not sustainable and we have the ability to make the investments to curb these costs. A weakened economy from climate inaction will absolutely lead to increased electricity bills for Americans. In Texas, the deadly power outages in February caused by the deep freeze, left 4.5 million Americans without power for several days. Many Texas residents incurred astronomical electricity bills along with the loss of food, productivity, and other costs associated with a prolonged power outage. Additionally, while the burdens of costs will be felt across American communities, there will be a disproportionate impact on communities that reside in substandard homes with limited energy efficiency. As we experience more high heat and high cold days, those community members will be forced to spend more to maintain safe temperatures in homes.

¹ <https://www.voltenergyutility.com/services#environmental-justice>.

5. How has the solar industry worked to ensure that its supply chain is free of forced labor and other human rights concerns?

Ensuring that there is an ethical supply chain is of the utmost importance to the U.S. solar industry. Our country's transition to renewable energies also provides an opportunity to create energy systems that primarily consider environmental health and equity. For example, selecting mining sites for metals needed to produce renewable technology can be assessed with biodiversity and habitat conservation in mind to protect the lands and waters revered by indigenous communities, and shared by other Americans.

I am proud to be a Board Member of the Solar Energy Industries Association (SEIA), who has been a leader in working to stamp out the force labor and other human rights issues in the solar supply chain. Volt Energy Utility was one of over 300 firms that signed SEIA's Forced Labor Prevention Pledge.² SEIA also led the development of an industry-led solar supply chain traceability protocol used as a tool for identifying the source of primary raw materials and inputs and tracking their incorporation into finished products, including solar modules.

² <https://www.seia.org/sites/default/files/Solar%20Industry%20Forced%20Labor%20Prevention%20Pledge%20Signatories.pdf>.

THE HONORABLE A. DONALD MCEACHIN

Mr. Campbell, thank you again for appearing today and for your continued work to ensure equity and diversity as we continue to move towards a zero-carbon future.

As you know, I also share a passion for environmental justice.

Low-income and minority communities, those that have been disproportionately impacted by pollution and have already seen the effects of climate change, must be a part of the coming energy transition. And importantly, these communities must be brought to the table as partners as we move towards a net-zero carbon economy.

1. Mr. Campbell, can you speak to the work you're doing and how industry can employ innovative solutions, like Volt Energy Utility's Environmental Justice Power Purchasing Agreement, to ensure these communities are partners in the transition?

Communities relegated into marginalized positions due to systems of inequity should be centered in our country's energy transition to renewables. This ensures equity is built in at the onset of a robust renewable energy system. Centering marginalized communities, such as communities of color and low-income communities, also allows for a diverse array of perspectives and solutions to be advanced across communities, which can promote efficacious programs. Volt Energy Utility has designed the EJPPA to serve the dual purpose of assisting corporate clients to meet and exceed their clean energy milestones and fulfill their commitment to support programs that increase opportunities for underserved communities to benefit from the expanding clean energy economy. The primary funding mechanism established to identify, evaluate and determine which clean energy-focused causes to support is the Environmental Justice Community Impact Fund.

For more information about Volt Energy Utility's Environmental Justice PPA, please visit here: <https://www.voltenergyutility.com/services>.

2. What role do you believe Historically Black Colleges and Universities and other Minority Serving Institutions can play?

At Volt Energy Utility, we value supporting the next generation of sustainability practitioners. We also value diversifying the sustainability sector, to enrich perspectives and spur innovation. The opportunity to include HBCU's in this work is ample, because these students already bring interdisciplinary thinking to environmental issues—as they naturally combining social, economic, and other frameworks in environmental conversations. Cultivating HBCU students' interests and natural abilities to consider how different systems intersect, would create new sustainability leaders that are ready to tackle the complex environmental challenges of our times. These institutions are critical in advancing a clean energy system and promoting healthy and sustainable communities.

Questions for the Record

David Edsey
Climate Director, Technical Underwriting
Zurich North America

THE HONORABLE KATHY CASTOR

1. Why do insurers and reinsurers support federal climate investment in both emissions reduction and resilience?

As noted in my written testimony, climate change poses an array of challenges potentially impacting every aspect of our society and economies across the globe. From an insurance coverage perspective, many geographical areas and assets may simply become uninsurable if action is not taken to eliminate greenhouse gas emissions and strengthen and adapt our infrastructure.

Secondly, the evidence shows that investing in pre-disaster mitigation can limit losses, accelerate recovery, and is overall responsible budgeting. Zurich's own post-event studies, conducted after significant flood, drought and wildfire events, shows that **every \$1 spent on resiliency up front resulted in \$5 savings post-disaster**. In addition to our own analysis, National Institute of Building Science's (NIBS) Mitigation Saves Report, confirms our assessment and, in some cases shows an even stronger cost benefit ratio.

Zurich's has identified climate change as perhaps the most consequential and complex risk facing society today. It is intergenerational, international, and interdependent. We know that accumulated greenhouse gas emissions in our atmosphere have already caused average surface temperatures to increase 1.1°C since the second half of the 19th Century, resulting in sea level rise, drought, glacier loss, wildfires, and more frequent and severe weather-related catastrophes. These adverse impacts pose a heightened risk not only to the insurance industry but to our entire economy. Without comprehensive federal action to address both emissions reductions and resilience, the risk of continued warming and a disorderly transition to face a more severe climate are only amplified.

2. What steps should the federal government take to support sustainable, resilient, insurable communities?

Zurich believes that creating sustainable and resilient communities will take the combined efforts of individuals, businesses, and government at all levels. That noted, we urge Congress to continue investing in pre-disaster mitigation. Beyond the investment itself, Congress should require that federal agencies consider climatological projections and the impact of climate change in the development, planning, and design stages of federally funded projects.

Congress should incentivize the development and enforcement of modern, consensus-based building codes; encourage sound land use planning; and ensure transportation networks are interconnected and appropriately sized to reduce vulnerability. Congress should also incentivize the use of industry best practices and standards that go beyond consensus-based codes, particularly in high-risk areas or to meet a specific need or peril. Congress could provide tax incentives to individuals and business to take steps to harden or fortify their homes and businesses. Further, Congress should provide support to local governments and utilities to strengthen and fortify critical infrastructure against the increased risks of climate change.

THE HONORABLE A. DONALD MCEACHIN

1. The price of natural disasters is increasing, particularly flood related events, which have cost the nation over \$900 billion since 2000. The federal government is working to get a handle on the rising costs through new mitigation programs, increased investments in resilient infrastructure and transportation programs and through the National Flood Insurance Program. What are some innovative ways Zurich is working with communities to drive costs down to prevent economic devastation and avoid future losses?

Zurich recently announced a collaboration, through Zurich's charitable foundation, with Resilient Cities Network to create a multi-year program designed to strengthen climate resilience and help address social inequities in vulnerable communities in Houston and Boston. Zurich has committed \$3 million to the program. Resilient Cities Network will identify neighborhoods and bring together community and government partners for the program. The program is expected to attract additional funding and generate policy support, which together will amplify successful, resilience-building projects. While the initial focus is on Houston and Boston, the program will

expand to scale best practices in other cities, building urban resilience throughout the United States.

The Resilient Cities announcement is an extension of our Flood Resilience Alliance, which was launched in 2013. The Flood Resilience Alliance is a multi-sector partnership focusing on finding practical ways to help communities strengthen their resilience to floods. In 2020, we further extended the program through 2024 with the goal to increase third-party investments dedicated to pre-event resilience by \$1 billion.

References Page

ⁱ http://2021.nibs.org/files/pdfs/NIBS_MMC_MitigationSaves_2019.pdf.

ⁱⁱ <https://floodresilience.net/zurich-flood-resilience-alliance/>.

