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THE FISCAL YEAR 2026 DEPARTMENT OF ENERGY BUDGET

HEARING

BEFORE THE

SUBCOMMITTEE ON ENERGY

OF THE

COMMITTEE ON ENERGY AND COMMERCE

HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

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THE FISCAL YEAR 2026 DEPARTMENT OF ENERGY BUDGET

TUESDAY, JUNE 10, 2025

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ENERGY,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:02 a.m. in the John D. Dingell Room 2123, Rayburn House Office Building, Hon. Robert E. Latta (chairman of the subcommittee), presiding.

Members present: Representatives Latta, Weber, Palmer, Allen, Balderson, Pfluger, Harshbarger, Miller-Meeks, James, Bentz, Fry, Langworthy, Evans, Goldman, Fedorchak, Guthrie (ex officio), Castor (subcommittee ranking member), Peters, Menendez, Mullin, McClellan, DeGette, Matsui, Tonko, Veasey, Schrier, Fletcher, Ocasio-Cortez, Auchincloss, and Pallone (ex officio).

Also present: Representatives Joyce, Obernolte, Ruiz, Dingell, and Carter of Louisiana.

Staff present: Ansley Boylan, Director of Operations; Clara Cargile, Professional Staff Member; Jessica Donlon, General Counsel; Andrew Furman, Professional Staff Member; Sydney Greene, Director of Finance and Logistics; Emily Hale, Staff Assistant; Calvin Huggins, Clerk; Megan Jackson, Staff Director; Sophie Khanahmadi, Deputy Staff Director; Mary Martin, Chief Counsel; Sarah Meier, Counsel and Parliamentarian; Joel Miller, Chief Counsel; Ben Mullaney, Press Secretary; Jake Riith, Staff Assistant; Jackson Rudden, Staff Assistant; Chris Sarley, Member Services/Stakeholder Director; Peter Spencer, Senior Professional Staff Member; Matt VanHyfte, Communications Director; Katie West, Press Secretary; Aurora Ellis, Minority Law Clerk; Waverly Gordon, Minority Deputy Staff Director and General Counsel; Tiffany Guarascio, Minority Staff Director; La'Zale Johnson, Minority Intern; Kristopher Pittard, Minority Professional Staff Member; Emma Roehrig, Minority Staff Assistant; Kylea Rogers, Minority Policy Analyst; Andrew Souvall, Minority Director of Communications, Outreach, and Member Services; Medha Surampudy, Minority Professional Staff Member; and Tuley Wright, Minority Staff Director, ENG.

OPENING STATEMENT OF HON. ROBERT E. LATTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. LATTA. I call the Energy Subcommittee to order, and welcome to today's hearing on the budget of the Department—sorry,

welcome to today's hearing on the Department of Energy's fiscal year 2026 budget.

And welcome, Secretary Chris Wright, to your first hearing before the Energy and Commerce Committee. Welcome.

Secretary Wright, in your confirmation hearing before the Senate Energy and Natural Resources Committee, you stated three goals: unleash American energy dominance, lead the world in innovation and technological breakthroughs, and once again allow for entrepreneurs to build in this country. This sentiment could not come at a more critical juncture.

Around the world, adversarial nations like communist China are exploiting energy markets and critical minerals to advance their national interests at the expense of the security of the United States. Our own national—nation faces an electric reliability crisis that could threaten the everyday lives of hard-working Americans. Infrastructure development has been left at a virtual standstill after the regulatory onslaught of the previous administration. All the while, we are in the midst of a critical race to lead the world in AI development. The stakes could not be higher, which is why the ambitious goals laid out under your leadership are so critical to the interests of our country.

After 5 months on the job, your Department has remained steadfastly committed to these efforts. Your Department reversed course on the disastrous LNG export ban and once again ensured our abundant natural resources can be utilized as a diplomatic tool for allies abroad. To reduce unnecessary Federal overreach, your Department rescinded dozens of burdensome and unworkable efficiency regulations and standards that the previous administration designed to advance as a one-size-fits-all approach to energy efficiency.

Over the last few weeks, the Department issued necessary 202(c) emergency waivers to continue the operation of baseload power plants to protect the grid reliability in regions across the country during the upcoming summer months. And just 2 weeks ago, the White House released the Reinvigorating the Nuclear Industrial Base Executive order, which will empower DOE to expedite and promote the use of nuclear energy in the United States. Importantly, these efforts will leverage the bipartisan work of our ADVANCE Act to fuel a domestic nuclear renaissance, empowering next-generation industries.

As you have documented, you are continuing your ongoing tour of all 17 National Labs, our crown jewels, which will be critical in leading the world in technological breakthroughs. This includes the recent announcement of a new supercomputer at the Lawrence Berkeley National Lab that will be vital to the continued development of AI and fusion energy. I am encouraged that your Department has been rightly focused on the energy needs of our growing AI industry and why it is so important for our Nation and the world for the United States to win.

Your Department has also remained committed to President Trump's agenda to be stewards of finite taxpayer resources by aligning Federal resources with high-priority projects and eliminating wasteful spending. As we discuss cost-cutting measures at your Department, it is important to remember that the previous

administration received over $100 billion in new funding and $400 billion in loan authority from the Inflation Reduction Act and Infrastructure Investment and Jobs Act. The previous administration issued financial assistance awards in a haphazard manner that lacked accountability.

In fact, in the 76 days between the Election Day and President Trump's inauguration, the Department issued almost $100 billion in new loans, compared to the $43 billion in loans issued over the loan office's 20-year lifespan. This level of Government subsidies was irresponsible and unsustainable, focused on misguided priorities, and was often done to the detriment of free markets and private enterprises.

The fiscal year 2026 budget reflects these priorities and will refocus the Department of Energy on its core mission as you continue reorganization efforts, as is customary for incoming administrations. We look forward to our continued work together to achieve common goals to unleash American energy dominance, lead the world in the next generation of industries, and fuel economic prosperity throughout the country.

[The prepared statement of Mr. Latta follows:]

Chairman Robert E. Latta
Opening Statement—Subcommittee on Energy
"The Fiscal Year 2026 Department of Energy Budget"
June 10, 2025

As prepared for delivery

Welcome to today's hearing on the Department of Energy's Fiscal Year 2026 budget and welcome Secretary Chris Wright to your first hearing before the Energy and Commerce Committee.

Secretary Wright, in your confirmation hearing before the Senate Energy and Natural Resources Committee, you stated three goals: unleash American energy dominance, lead the world in innovation and technological breakthroughs, and once again allow entrepreneurs to build in this country.

This sentiment could not come at a more critical juncture.

Around the world, adversarial nations like China, are exploiting energy markets and critical minerals to advance their national interests at the expense of the security of the United States.

Our own nation faces an electric reliability crisis that could threaten the everyday lives of hardworking Americans.

Infrastructure development has been left at a virtual standstill after the regulatory onslaught of the previous administration.

All the while, we are in the midst of a critical race to lead the world in AI development.

The stakes could not be higher, which is why the ambitious goals laid out under your leadership are so critical to the interests of our country.

After five months on the job, your department has remained steadfastly committed to these efforts.

Your department reversed course on the disastrous LNG export ban and once again ensured our abundant natural resources can be utilized as a diplomatic tool for our allies abroad.

To reduce unnecessary federal overreach, your department rescinded dozens of burdensome and unworkable efficiency regulations and standards that the previous administration designed to advance a one-size-fits-all approach to energy efficiency.

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Importantly, these efforts will leverage the bipartisan work of our ADVANCE Act to fuel a domestic nuclear renaissance and power next generation industries.

As you have documented, you are continuing your ongoing tour of all 17 national labs, our crown jewels, which will be critical in leading the world in technological breakthroughs.

This includes the recent announcement of a new supercomputer at the Lawrence Berkely National Lab that will be vital to the continued development of AI and fusion energy.

I am encouraged that your department has been rightly focused on the energy needs of our growing AI industry and why it is so important for our nation, and the world, for the United States to win.

Your department has also remained committed to President Trump's agenda to be stewards of finite taxpayer resources by aligning federal resources with high priority projects and eliminating wasteful spending.

As we discuss cost-cutting measures at your department, it is important to remember that the previous administration received over $100 billion in new funding and $400 billion in loan authority from the Inflation Reduction Act and Infrastructure Investment and Jobs Act.

The previous administration seemingly issued financial assistance awards in a haphazard manner that lacked accountability.

In fact, in the 76 days between election day and President Trump's inauguration, the department issued almost $100 billion in new loans, compared to $43 billion in loans issued over the loan office's 20-year lifespan.

This level of government subsidies was irresponsible and unsustainable, focused on misguided priorities, and was often done to the detriment of free markets and private enterprises.

The fiscal year 2026 budget request reflects these priorities and will refocus the Department of Energy on its core mission as you continue reorganization efforts, as is customary for incoming Administrations.

We look forward to our continued work together to achieve common goals to unleash American energy dominance, lead the world in next generation industries, and fuel economic prosperity throughout the country.

I look forward to today's discussion and yield back the balance of my time.

Mr. LATTA. I look forward to today's discussion, and I yield back the balance of my time, and at this time recognize the gentlelady from Florida, the ranking member of the subcommittee, for 5 minutes for an opening statement.

OPENING STATEMENT OF HON. KATHY CASTOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

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

Good morning, Mr. Secretary. It is our job to hold you accountable and ask questions, and I appreciate you attending the briefing today to offer your budget.

You know, the President promised to cut electric bills in half, but utility bills are way up, as is the risk of a resurgent inflation, thanks to the administration's policies. It always sounded way too good that electricity bills would be cut in half, but hard-working Americans did not expect you to actively work to make their lives more expensive, reach into their wallets, and grab their hard-earned cash. And that is effectively what your policies have done in just a few short months.

And in addition to higher electric bills, the U.S. DOE is actively killing jobs. The U.S. Department of Energy, once the envy of the world for innovation, our National Labs, and focus on cleaner, cheaper energy, is killing jobs.

Mr. Secretary, you inherited a Department of Energy that was advancing an energy manufacturing boom, 1,000 new or expanded factories across America, 400,000 good-paying jobs just over the past few years. America had a strategy to produce more energy, reshore jobs, modernize the grid, invent the energy technologies of the future, and build and scale them here in the United States. This is smart policy, especially as energy is central to our national security. But you seem happy to cede the next generation of energy, innovation, and leadership to our competitors like the Chinese Communist Party.

We need you to answer why you and Republicans in Congress are intentionally sabotaging America's progress, constraining our supply, and fueling higher household energy bills.

On top of it all, the administration is piling on arbitrary tariffs. That's making the energy sector more expensive because tariffs lead to increased costs and disruptions, ultimately impacting both consumers and the broader energy market. DOE is supposed to be leading the energy—supposed to be leading energy innovation and security, from grid resilience to critical minerals to renewable power to next-generation renewable power. But you and Elon Musk and DOGE have taken a chainsaw to the scientists, experts, and congressionally mandated initiatives at DOE.

Witnesses and experts testify before this committee consistently that we need to support expansion of electricity transmission infrastructure in the U.S. because it is critical to providing affordable and reliable power. Yet the Big Ugly Bill, as we affectionately call it, the billionaire tax break package, rescinds support for transmission, facility financing, electricity transmission planning, modeling. It takes back the grants to facilitate the siting of interstate electricity transmission lines.

And recent studies have shown that a comprehensive approach to building transmission lowers costs for consumers. In the Northeast, average electric bills could decrease by more than one-third. A new report released yesterday finds that every $1 spent on transmission returns up to $4.70 in customer benefits.

In addition, 2 weeks ago you canceled industrial demonstrations funded by Congress to cut carbon emissions and toxic air pollution from industrial sites and power plants. DOE claimed these projects failed to advance energy needs of the American people, they are not economically viable, they don't return a positive investment for taxpayers. But that is not true.

Mr. Chairman, I ask unanimous consent to enter into the record a report from the American Council for Energy Efficient Economy that finds the industrial demonstrations would bring $14 billion in private investment and keep industrial facilities competitive with countries around the world.

Mr. LATTA. Well, without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Ms. CASTOR. This dysfunction at the Department of Energy is killing investment in America. Look at the Loan Programs Office, which House Republicans tried to kill—are trying to kill in their Big Ugly Bill. The LPO is exactly the kind of tool we need to provide low-cost financing to projects that traditional investors won't fund.

However, since President Trump took office, companies—many of whom have spent years and millions of dollars to secure conditional LPO loan commitments—are walking away. They can no longer trust the Department of Energy to be a reliable partner. CORE POWER, who received a conditional loan to build a new lithium battery manufacturing facility, has canceled the project, resulting in 3,000 lost American jobs. Aspen Aerogels received a conditional loan to build a plant in Georgia to make thermal barriers for EV batteries. They have canceled the plant and will instead expand production in China and Mexico. The list goes on and on.

And, you know, Americans expect policymakers like you to deploy taxpayer dollars wisely, spur cost-saving innovations, and make people's lives better. But your proposed budget fails to advance that vision. And when an administration holds a vision based on propping up only dirty power sources, we lose Americans' capacity—America's capacity to innovate and drive costs down, which ultimately hurts American businesses and the American people.

So you have a lot to answer for today. I look forward to the exchange.

[The prepared statement of Ms. Castor follows:]

Committee on Energy and Commerce

Opening Statement as Prepared for Delivery
of
Subcommittee on Energy
Ranking Member Kathy Castor

Hearing on "The Fiscal Year 2026 Department of Energy Budget"

June 10, 2025

In January 2025, the Trump Administration inherited a Department of Energy that was unleashing a clean energy manufacturing boom.

During the Biden-Harris administration, 1000 new or expanded factories were announced to build American clean energy along with 400,000 good-paying jobs. This American energy renaissance was being led by the Department of Energy, newly equipped with tools from Democratic Congress that ensure we don't just invent the energy technologies of the future, but can build and scale them here in the United States.

Unfortunately, the Trump Administration has intentionally sabotaged this progress, which will lead to higher household energy bills for working families across the country already struggling with a high cost of living. It will undermine business certainty, harm national security, and cede the next generation of energy innovation and leadership to our competitors like China.

Since January 2025, reports suggest several hundred probationary employees at the Department have been let go, with more than 3,500 other staff accepting buyouts. This includes 77% of workers at the Office of Clean Energy Demonstrations and 50% of staff in the Loan Programs Office. These are just two offices meant to be leading energy manufacturing and security priorities, from grid resilience to critical minerals and next generation nuclear power, that my Republican colleagues claim to prioritize.

Two weeks ago, the Department of Energy cancelled $3.7 billion in grants at OCED under the Industrial Demonstrations Program – a program funded by Congress to cut carbon emissions and toxic air pollution from power plants and industrial sites. DOE claimed the projects "failed to advance the energy needs of the American people, were not economically viable, and would not generate a positive return on investment of taxpayer dollars".

This is simply not true. Mr. Chairman, I ask unanimous consent to enter into the record a report from the American Council for an Energy-Efficient Economy that finds the Industrial Demonstrations Program brought in $14 billion in private investment and would keep domestic industrial facilities competitive with countries around the world.

The uncertainty at the Department of Energy right now is killing investment in America. Let's look at DOE's Loan Programs Office, which House Republicans tried to kill in their Big Ugly Bill, as an example.

The Loan Programs Office is exactly the kind of tool we need to provide low-cost financing to projects that traditional investors won't fund because they are unique or first-of-a-kind investments. This

is often next-generation technology that American companies have proprietary access to – because we invented it at the Department of Energy or our National Labs. Over its 20-year history, LPO has earned – not lost – money.

However, since President Trump took office, companies, many of whom spent years and millions of dollars to secure a conditional LPO loan commitment, are walking away because they can no longer trust the Department of Energy to be a reliable partner.

Kore Power, who received a conditional loan to build a new lithium battery manufacturing facility in Arizona, has cancelled the project – resulting in 3000 lost American jobs.

Aspen Aerogels received a conditional loan to build a plant in Georgia to make thermal barriers for EV batteries. They've cancelled the plant and will instead expand production in China and Mexico.

PG&E has a final commitment for a $15 billion loan to build a portfolio of hydropower, batteries, virtual power plants, and transmission, including reconductoring and grid-enhancing technologies. But they haven't drawn down the loan because they don't trust the federal government to fulfill its contractual obligations. Instead, they're now seeking a higher rate of return for 2026 – meaning American consumers will pay higher bills to fund those investments.

The government is not a business – its job is not to be cost-effective or earn a return on investment. The job of government is to spend taxpayer dollars wisely, but also do things that the private sector won't.

When Congress designed and funded these programs, we wanted to help first-of-a-kind projects because they are doing something for the public good. They don't have to make money, though many are. They drive learning, innovation, capability, and make people's lives better.

The FY26 proposed budget fails to understand that vision. And when we lose that vision, we lose America's capacity to innovate and drive costs down – which ultimately hurts American businesses and the American people.

I yield back.

Ms. CASTOR. I yield back my time.

Mr. LATTA. The gentlelady's time has expired, and the Chair now recognizes the gentleman from Kentucky, the chair of the full committee, for 5 minutes for questions.

OPENING STATEMENT OF HON. BRETT GUTHRIE, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF KENTUCKY

Mr. GUTHRIE. Thank you. Thank you to Secretary Wright for being here.

We welcome you to the Energy and Commerce Committee. Many people may not fully appreciate the functions that the Department performs in the Federal Government and your responsibilities as Energy Secretary. You oversee a national security agency and an energy security agency. DOE has designed and produced every nuclear warhead in the U.S. arsenal. It powers the nuclear navy. It plays critical roles in nonproliferation, international nuclear security, and other energy security missions.

DOE is a world-class science, engineering, and technology agency. It is an environmental engineering and cleanup agency. It is an energy emergency support agency and produces essential energy information for our energy industry and public, as well as employing the fastest computers in the world. Its work is performed through a nation-spanning complex of National Labs, production sites, and facilities, and involves the largest contract workforce outside of the Department of Defense. Ensuring this agency operates efficiently can be a challenge, as the Committee on Oversight over the years has demonstrated.

That said, successful management of DOE's missions and a focus on its core missions means America will be secure and stay ahead of our adversaries. You are taking charge of DOE at a critical time for the nation. Right now we are fighting to achieve AI dominance. It is a technological race that we cannot afford to lose to China. The threat of China succeeding at our expense equals, if not surpasses, the threats we faced almost 90 years ago in the race to harness atomic energy, which America fortunately won.

The success of the Manhattan Project, a project that is in DOE's DNA, safeguarded our Nation's security for two generations. We are confronting a similar treacherous time today. Over the past 4 years our adversaries have been emboldened—China, in particular. Here at home our Nation confronts tremendous new demand—tremendous new demand for energy and a burning need to revitalize our energy sector. We need energy and more of it. We need to build out the types of energy that we can rely on to power our technological needs, to support our allies, and to build our economy.

Against this backdrop, understanding how you plan to address the urgency of this moment is critical. Recent actions by the administration to supercharge the drive to restore our nuclear energy leadership, including at DOE, represent the kind of positive actions this Nation needs. What will matter is how you execute these policies. So it is important to understand how you plan to manage the agency and align its budget to effectively meet your priorities and responsibilities, and to measure the results.

Every new administration takes steps to align DOE structure to meet its priorities. President Trump did it in his first term. President Obama did it twice. We should give you the flexibility to have the organization you need to be effective and to allow you the—to find efficiencies in agency management.

We should not lose sight of the reality that the Department of Defense today operates about 35,000 more contractors and employees than it did 5 years ago, most of that increase in the past four years. The agency used to put out a detailed annual performance report, but the last administration did not produce those reports, limiting accountability for measuring the results of work. Restoring accountability on that front would be welcome.

And there certainly is room to be more efficient and effective across the agency and the enterprise for the sake of taxpayer stewardship. Ultimately, what matters is aligning DOE to deliver the nuclear and energy security results that are most essential for the Nation and to support the engineering and science that will help us sustain a prosperous future.

I really appreciate your willingness to be here to testify. We appreciate you being here this morning.

[The prepared statement of Mr. Guthrie follows:]

Chairman Brett Guthrie
Opening Statement—Subcommittee on Energy
"The Fiscal Year 2026 Department of Energy Budget"
June 10, 2025

As prepared for delivery

Welcome to the Energy and Commerce Committee, Secretary Wright. It is good to have you before the Committee.

Many people may not fully appreciate the functions the Department performs in the federal government—and your responsibilities as Energy Secretary.

You oversee a national security agency and an energy security agency.

DOE has designed and produced every nuclear warhead in the U.S. arsenal. It powers the nuclear navy.

It plays critical roles in nonproliferation, international nuclear security, and other energy security missions.

DOE is a world-class science, engineering, and technology agency. It is an environmental engineering and cleanup agency.

It is an energy emergency support agency and produces essential energy information for our energy industry and the public, as well as employing the fastest computers in the world.

Its work is performed through a nation-spanning complex of national labs, production sites, and facilities, and involves the largest contractor workforce outside of the Department of Defense.

Ensuring this agency operates efficiently can be a challenge, as the Committee's own oversight over the years has demonstrated.

That said, *successful* management of DOE's missions and a focus on its core missions means America will be secure and stay ahead of our adversaries.

You are taking charge of DOE at a critical time for the nation.

Right now, we are fighting to achieve AI dominance. It is a technological race that we cannot afford to lose to China.

The threat of China succeeding at our expense equals, if not surpasses, the threats we faced almost 90 years ago in the race to harness atomic energy, which America fortunately won.

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We are confronting a similarly treacherous time today.

Over the past four years our adversaries have been emboldened, China in particular.

Here at home, our nation confronts tremendous new demand for energy and a burning need to revitalize our energy sector.

We need energy and more of it. We need to build out the types of energy that we can rely on to power our technological needs, to support our allies, to build our economy.

Against this backdrop, understanding how you plan to address the urgency of the moment is critical.

Recent actions by the Administration to supercharge the drive to restore our nuclear energy leadership—including at DOE— represent the kind of positive action this nation needs.

What will matter is how you execute these policies.

So, it is important to understand how you plan to manage the agency and align its budget to effectively meet your priorities and responsibilities—and measure results.

Every new administration takes steps to align DOE's structure to meet its priorities. President Trump did it in his first term. President Obama did it— twice.

We should give you the flexibility to have the organization you need to be effective, and to allow you to find efficiencies in agency management.

We should not lose sight of the reality that the Department today operates with about 35,000 more contractors and employees than it did five years ago. Most of that increase is from the past four years.

The agency used to put out detailed annual performance reports, but the last Administration did not produce those reports, limiting accountability for measuring the results of its work.

Restoring accountability on that front would be welcome. And there certainly is room to be more efficient and effective across the agency and the enterprise, for the sake of taxpayer stewardship.

Ultimately, what matters is aligning DOE to deliver the nuclear and energy security results that are most essential for the nation and to support the engineering and science that will help sustain a prosperous future.

I look forward to the discussion and yield back.

Mr. GUTHRIE. And I will yield back.

Mr. LATTA. Thank you very much. The chairman yields back the balance of his time. The Chair now recognizes the gentleman from New Jersey, the ranking member of the full committee, for 5 minutes for an opening statement.

OPENING STATEMENT OF HON. FRANK PALLONE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. PALLONE. Thank you, Mr. Chairman.

Today we are here to discuss the Department of Energy's fiscal year 2026 budget requests, but the destruction of our national energy policy had already started before we received this flawed and harmful budget. It started on day one, when Trump signed disastrous Executive orders that halted Federal grants and propped up polluting fossil fuels. It continued with House Republicans passing the One Big Ugly Bill that eliminates programs that are lowering energy costs and helping to build clean energy manufacturing here in America, all so Republicans can give giant tax breaks to billionaires.

And now we have a Trump budget that will increase household energy costs, prioritize oil and gas, undermine clean energy, and gut energy assistance programs. And at a time when energy demand is increasing, this budget will make it harder for our Nation to meet the moment.

So, Secretary Wright, welcome to the Energy and Commerce Committee. But I have to say I have tried to get answers from you on a number of actions at DOE, ranging from staffing costs to project delays and funding freezes. But every single letter I have sent has gone unanswered.

When appearing before a different committee, you seem to indicate that you view responding to Congress as an optional part of your job, and I want to be clear it is not. And responding to this committee is part of your responsibility to the American people. After all, you owe them an explanation of your actions over the last 6 months.

The agency has forced Americans to pay higher energy bills to keep outdated and expensive coal plants online. It is revoking energy and water efficiency standards that lower energy bills for American families. It cancelled $3.7 billion in grants that would lower emissions from the industrial sector and create thousands of good-paying energy jobs.

The Department of Energy also threw open its doors to Elon Musk and his DOGE minions. Musk forced out more than 3,500 DOE staffers, and now the agency has lost experienced and valuable personnel with critical expertise. And now the Trump administration sends Congress a budget request that hollows out DOE even more, slashing funding by more than 25 percent. It slashes funding for the Weatherization Assistance Program, zeroes out grants for renewable grid integration and wind and solar energy, and cuts loan programs for advanced vehicle technologies and Tribal energy.

So, Mr. Secretary, in your confirmation hearing you indicated that expanding the grid was—and I am quoting now—"important

to securing and modernizing resilient electricity grid to meet growing electricity demand." But your budget proposal rescinds billions of dollars in investments in the Nation's power grid, making it even more difficult for us to modernize and secure it for the future.

The Trump administration and congressional Republicans claim to care about competing with China. I hear that over and over again. But every action that they take only leaves America further behind in the global energy leadership race. By freezing and canceling investments in emerging clean-energy technologies, the Trump administration is letting China win. By undercutting manufacturing projects set to build electric vehicles and solar panels here in the United States, the Trump administration is leaving the door wide open for our competitors. They are letting China further grow its own supply chains and its global market share. And we were on the verge of a clean energy manufacturing renaissance, and the Trump administration has ground it all to a halt.

And the Trump administration allowed its reckless alliance with Elon Musk and his DOGE minions to threaten the operations of the National Nuclear Security Administration and the Bonneville Power Administration. And now that that alliance between Musk and Trump, I guess, has come to an end with this ongoing war of words on social media—but still the Trump administration now claims that Musk is only looking to support his financial interests.

Well, they did not voice any concern from us—very real conflict of interest when he was decimating our Federal agencies or indiscriminately firing workers and all while covertly stealing Americans' sensitive personal data. They didn't seem to care about it then. Now they say they care.

But before I finish, Secretary, it looks like you and I agree on at least one issue, and that is that nuclear energy is worth investing in, and that the Loan Programs Office has an important role to play. And that is something I hope you will reiterate with committee Republicans today who don't seem to share your view on this. In the One Big Ugly Bill they completely zeroed out funding for DOE's Loan Programs Office.

It also appears that even you have some concerns about this budget request. In testimony before the Senate last month, you asked Congress to send DOE the budget it needs, not the one you asked for. And so I question your own support for the budget that you are here to defend. So I am looking forward to finally getting some answers today.

[The prepared statement of Mr. Pallone follows:]

Committee on Energy and Commerce

Opening Statement as Prepared for Delivery
of
Full Committee Ranking Member Frank Pallone, Jr.

Hearing on "The Fiscal Year 2026 Department of Energy Budget"

June 10, 2025

Today we're here to discuss the Department of Energy's fiscal year 2026 budget request. But the destruction of our national energy policy had already started before we received this flawed and harmful budget. It started on day one when Trump signed disastrous executive orders that halted federal grants and propped up polluting fossil fuels.

It continued with House Republicans passing the One Big Ugly Bill that eliminates programs that are lowering energy costs and helping to build clean energy manufacturing here in America – all so Republicans can give giant tax breaks to billionaires.

And now we have a Trump budget that will increase household energy costs, prioritize oil and gas, undermine clean energy, and gut energy assistance programs. At a time when energy demand is increasing, this budget will make it harder for our nation to meet the moment.

Secretary Wright, welcome to the Energy and Commerce Committee. I have tried to get answers from you on a number of actions at DOE ranging from staffing cuts to project delays and funding freezes. But every single letter I have sent has gone unanswered. When appearing before a different committee, you seemed to indicate that you view responding to Congress as an optional part of your job. I want to be clear: it is not, and responding to this Committee is part of your responsibility to the American people.

After all, you owe them an explanation of your actions over the last six months. The agency has forced Americans to pay higher energy bills to keep outdated and expensive coal plants online. It is revoking energy and water efficiency standards that lower energy bills for American families. It cancelled $3.7 billion in grants that would lower emissions from the industrial sector and create thousands of good-paying energy jobs.

DOE also threw open its doors for Elon Musk and his DOGE minions. Musk forced out more than 3,500 DOE staffers, and now the agency has lost experienced and valuable personnel with critical expertise.

And now, the Trump Administration sends Congress a budget request that hollows out DOE even more – slashing funding by more than 25 percent. It slashes funding for the Weatherization Assistance Program, zeroes out grants for renewable grid integration and wind and solar energy, and cuts loan programs for advanced vehicle technologies and tribal energy.

Mr. Secretary, in your confirmation hearing, you indicated that expanding the grid was, "important to securing and modernizing a resilient electricity grid to meet growing electricity demand." But your budget proposal rescinds billions of dollars in investments in the nation's power grid making it even more difficult for us to modernize and secure it for the future.

The Trump Administration and Congressional Republicans claim to care about competing with China, but every action they take only leaves America further behind in the global energy leadership race. By freezing and cancelling investments in emerging clean energy technologies, the Trump Administration is letting China win. By undercutting manufacturing projects set to build electric vehicles and solar panels here in America, the Trump Administration is leaving the door wide open for our competitors. They are letting China further grow its own supply chains and its global market share. We were on the verge of a clean energy manufacturing renaissance, and the Trump Administration has ground it all to a halt.

And the Administration allowed its reckless alliance with Elon Musk and his DOGE minions to threaten the operations of the National Nuclear Security Administration and the Bonneville Power Administration. And now that the alliance has come to an end with an ongoing war of words on social media, the Administration now claims that Musk is only looking to support his financial interests. But they did NOT voice any concerns for Musk's very real conflicts of interest when he was decimating our federal agencies, indiscriminately firing workers, all while covertly stealing Americans' sensitive personal data. They didn't seem to care about it then.

Before I finish, Secretary Wright, it looks like you and I agree on at least one issue – that nuclear energy is worth investing in and that the Loan Programs Office has an important role to play. That's something I hope you will reiterate with Committee Republicans today who don't seem to share that view. In the One Big Ugly Bill, they completely zeroed out funding for DOE's Loan Programs Office.

It also appears that even you have some concerns about this budget request. In testimony before the Senate last month, you asked Congress to send DOE the budget it needs, not the one you asked for. So, I question your support for the budget that you are here to defend.

I'm looking forward to finally getting some answers today and with that I yield back the balance of my time.

Mr. PALLONE. And with that, Mr. Chairman, I yield back the balance of my time.

Mr. LATTA. Thank you very much. The gentleman yields back the balance of his time, and this now concludes Member opening statements.

The Chair reminds Members that, pursuant to committee rules, all Members' opening statements will be made part of the record.

We want to thank our witness, Secretary Wright, for being here today and taking time to testify for the subcommittee.

Mr. Secretary, you will have the opportunity to give an opening statement followed by a round of questions from Members.

And again, of course, our witness is the Honorable Chris Wright, Secretary of the Department of Energy.

We appreciate you being here, and, Mr. Secretary, we look forward to hearing your opening statement. And you have 5 minutes. Thank you very much.

STATEMENT OF CHRISTOPHER WRIGHT, SECRETARY, DEPARTMENT OF ENERGY

Secretary WRIGHT. Thank you, Chairman Latta, Chairman Guthrie, Ranking Member Castor, and Ranking Member Pallone, and members of the committee. It is an honor to appear before you today as Secretary of Energy to discuss the President's fiscal year 2026 budget request for the Department of Energy.

Under President Trump's leadership, our priorities for the Department are clear: to unleash a golden era of American energy dominance, strengthen our national security, and lead the world in innovation. A reliable and abundant energy supply is the foundation of a strong and prosperous nation. When America leads in energy, we lead in prosperity, security, and human flourishing.

America has a historic opportunity to secure our energy systems; propel scientific and technological innovation, including AI; maintain and strengthen our weapons stockpiles; and meet Cold War legacy waste commitments. The Department of Energy will advance this critical mission while cutting red tape, increasing efficiency, and ensuring we are better stewards of taxpayer dollars.

The President's fiscal year 2026 budget will ensure taxpayer resources are allocated appropriately and cost effectively. We will invest DOE's resources in sources and technologies that support affordable, reliable, and secure energy, and provide a return on investment for the American taxpayers. We will return the Department to its core mission and eliminate spending on projects that fail to provide such a return, fail to advance our energy needs, and fail the test of economic viability.

It is deeply concerning how many billions of dollars were rushed out the door without proper due diligence in the final days of the Biden administration. DOE is undertaking a thorough review of financial assistance that identifies waste of taxpayer dollars, protects America's national security, and advances President Trump's commitment to unleash American energy dominance. As a result, we recently announced the termination of 24 projects totaling over $3.7 billion in taxpayer-funded financial assistance. These projects failed to meet the economic, national security, or energy security

standards necessary to sustain DOE's investment, and the taxpayers should not be forced to subsidize them.

Instead, we are advancing a policy of energy addition, fully leveraging affordable, reliable, and secure sources that have powered our country for generations. The United States is blessed with an abundance of coal, oil, and natural gas, and our administration is committed to using them to meet growing energy needs of the American people. Every one of these resources was unleashed through the world-changing power of American innovation. Our National Labs are the engine that drives research and development to expand our energy dominance. We will prioritize research that supports true technological breakthroughs and maintains America's global competitiveness.

America must play a leading role commercializing a reliable, safe, and secure nuclear energy, and we are taking steps to accelerate innovation in this sector. DOE is working to advance the rapid deployment of next-generation nuclear technology, including small modular reactors. I am proud to report that we have officially ended the previous administration's reckless pause on LNG export permits, and have returned to regular order for reviewing and approving new permits.

DOE will also work to replenish the Strategic Petroleum Reserve, a national asset that protects our security in times of crisis. I want to thank this committee for prioritizing funding to refill the SPR in the One Big Beautiful Bill as well. We are advancing President Trump's pledge to lower the cost of living and expand choice by right-sizing DOE's approach to home efficiency standards and regulations. Under the President's direction, we have begun slashing more than 47 regulations as part of the largest deregulatory effort in history. These actions are projected to save the American people approximately $11 billion while restoring consumer freedom and lowering costs.

The responsible stewardship and modernization of the nation's nuclear weapons system is paramount for this administration. DOE is focused on addressing critical upgrades for the U.S. nuclear stockpile and maintaining our engine powerhouses for submarines and aircraft carriers. Both tasks will be even more crucial in the next few years.

Our nuclear innovation as a nation began with the Manhattan Project, and the Manhattan Project is clearly AI. DOE has a significant role to play in driving AI innovation for scientific discovery and national security. Our agency has world-class, high-performance computing capabilities, including 4 of the world's top 10 supercomputers. Harnessing our energy potential to power global AI leadership while meeting growing energy demand will be the challenge of our time. But America doesn't back down from big challenges or big builds.

As Secretary of Energy, I am honored by the responsibility to help meet the American people's growing energy needs and lead the world in energy development. I appreciated the opportunity to work with many of you on this committee to unlock America's full energy potential and drive down costs for families with the One Big Beautiful Bill, and I look forward to continuing to work together to achieve President Trump's energy dominance agenda.

Thank you for the opportunity to testify before this committee.
[The prepared statement of Mr. Wright follows:]

Testimony of Secretary Christopher Wright

U.S. Department of Energy

Before the

U.S. Committee on Energy and Commerce

Energy Subcommittee

June 10, 2025

Chairman Guthrie, Ranking Member Pallone, and Members of the Committee, it is an honor to appear before you and this Committee today as the Secretary of Energy to discuss the President's Fiscal Year (FY) 2026 Budget request for the Department of Energy ("the Department" or "DOE").

America has a historic opportunity to secure our energy systems; deliver leadership in scientific and technological innovation, including in artificial intelligence (AI); maintain and strengthen our weapons stockpiles; and meet Cold War legacy waste commitments. The Department of Energy is capable of meeting these critical missions while increasing efficiency, unleashing innovation, and ensuring we are better stewards of taxpayer dollars. President Trump is committed to balancing the budget and implementing fiscal restraint – focusing agency funding on the crucial goal of unleashing American energy dominance. This is a commitment I share and a duty I intend to fulfill.

Since President Trump was inaugurated, the Department of Energy has been hard at work to deliver on these goals of unleashing energy expansion while improving operational efficiency. I am proud to report that we have officially ended the previous administration's reckless pause on Liquified Natural Gas (LNG) export permits and returned DOE to regular order for reviewing and approving new permits. Under President Trump's leadership, the Department has approved applications from projects that will export more than 11.45 billion cubic feet per day (Bcf/d) of natural gas as LNG, adding more incremental volumethan the world's second-largest LNG-exporting nation is exporting today.

Additionally, we are advancing President Trump's pledge to lower the cost-of-living and expand consumer choice for all Americans by rightsizing DOE's regulatory approach to home appliance efficiency standards. At President Trump's direction, DOE has begun slashing more than 47 burdensome and costly regulations, eliminating and modifying dozens of consumer appliance standards, regulations limiting building and energy production and unscientific requirements for grant recipients. Under the Congressional Review Act, Congress has passed and the President has signed multiple resolutions of disapproval, which have nullified DOE's rules to impose

burdensome energy conservation standards for walk-in coolers and freezers, efficiency standards for gas-fired instantaneous water heaters, and energy standards for commercial refrigeration equipment. DOE has also delayed compliance with test procedures for central air conditioning and heat pumps, as well as extended the deadline for compliance with energy-conservation standards for manufactured housing. In addition, DOE published a final rule withdrawing coverage of miscellaneous gas products such as outdoor heaters and decorative hearths, meaning those beloved products are exempt from unnecessary regulations.

By removing burdensome rules, we are returning freedom of choice to the American people, ensuring consumers can choose the home appliances that work best for their lives and budgets.

While we actively work to strengthen America's role as the world's leader in oil and natural gas production and lower costs for all Americans, we are also taking steps to accelerate innovation in the commercial nuclear development. In the first 100 days, DOE issued two disbursements to support the reopening of Michigan's Palisades Nuclear Energy Plant. We allocated high-assay low-enriched uranium (HALEU) material to five U.S. advanced nuclear reactor developers to boost domestic reactor deployment. It is imperative to jumpstart America's nuclear energy industrial base, and I am taking immediate action to accelerate the deployment of small modular reactors (SMRs). As electricity demand continues to grow, fueled by AI development and the growth of American manufacturing, Americans will need more energy from more sources, including nuclear.

Priorities

My priorities for the Department of Energy are clear – to unleash a golden era of American energy dominance while strengthening our national security. Energy is the essential ingredient that enables everything we do. Access to an abundant and reliable energy supply is a key ingredient to unlocking prosperity and ensuring human flourishing and innovation.

As a first order of business, the Department of Energy must increase the accountability and stewardship of American taxpayer dollars. This is why I have implemented a new policy to ensure responsibility for DOE's financial assistance that identifies waste of taxpayer dollars, protects America's national security and advances President Trump's commitment to unleash affordable, reliable and secure energy. It is deeply concerning how many billions of dollars were rushed out the door without proper due diligence in the final days of the Biden administration. DOE is committed to conducting a thorough review of these projects under its existing authorities to ensure they are among other things, financially sound and economically viable, aligned with national and economic security interests, and consistent with Federal law and this Administration's policies. As a result, we have announced the termination of 24 projects totaling over $3.7 billion in taxpayer-funded financial assistance. These projects failed to advance the

energy needs of the American people, were not economically viable, and would not generate a positive return on investment of taxpayer dollars.

Consequently, we are focused on energy addition, versus subtraction or even replacement. As government leaders, we need to be of the mindset that more is better; replacing energy sources does not add to the finite energy supply that American families, businesses, and innovators are competing for.

This means fully leveraging the reliable sources of energy that have fueled American innovation and security for decades. Coal, oil, and gas are abundant natural resources that our country has been blessed with, and the Trump Administration is committed to using them to provide affordable, reliable, and secure energy for Americans. To this end, we are returning the Office of Fossil Energy to its original mission – advancing affordable, reliable, and secure energy sources for the American people while continuing to support research and development in emerging technologies that advance these sources. This will not only enable greater focus on expanding energy access for the American people but also promote more efficient use of taxpayer dollars.

The United States is the largest global producer and exporter of natural gas, and DOE is doing everything to ensure that the United States retains and builds on this enviable position. Our policy approach for LNG and other energy sources is to make it less expensive and more reliable, and achieve more American energy production and infrastructure development, not less. Right now, eight large-scale U.S. export terminals are now producing around 15 Bcf/d of LNG exports to the global market. With additional capacity currently under construction, exports are expected to average 16 Bcf/d next year. Exports are on track to nearly double from current levels and reach around 29 Bcf/d around 2030 once all the export capacity under construction is completed. This amount could grow as more projects reach a final investment decision.

A vital area of focus is expanding commercial nuclear power across the country. America must lead the commercialization of affordable, reliable, safe, and secure nuclear energy. DOE will focus on the rapid deployment and export of advanced nuclear reactors, including small modular reactors. Small modular reactors will provide reliable power for our Nation's growing energy demands, with the added benefits of flexible deployment due to their compact size and modular design.

We also need to unleash American energy innovation, and the National Labs are the engine that drives research and development to further this aim. When it comes to our National Labs, we are capable of doing more with less. We can both increase efficiency and drive innovation. We will prioritize research that supports true technological breakthroughs, such as nuclear fusion, high-performance computing, quantum computing, and AI, which will maintain America's global competitiveness.

I recently visited DOE's Berkeley National Lab, where I joined leaders from Dell Technologies and NVIDIA in announcing a contract for a new supercomputer – the Doudna system – named after Nobel Prize winner Jennifer Doudna. This system will be one of the most advanced supercomputers ever deployed by the Department, advancing U.S. leadership in the global race for AI. This is exactly the type of innovation between government and the private sector that the Trump administration is focused on unleashing over the next four years.

AI is the next Manhattan Project. AI technology will define the future of the world, and it is essential that the U.S. leads in the development of this technology. DOE has a significant role to play in driving AI innovation for scientific discovery, energy innovation, and national security. Our agency has the world-class high-performance computing capabilities that enable fast and efficient AI research and development, including four of the world's top ten supercomputers. To ensure American leadership, we must not overburden AI development with restrictions and regulations – including those on energy supplies essential for AI data centers. We need all energy sources to power the global AI race and meet growing data centers energy demand, including natural gas, nuclear, geothermal, and coal, while also ensuring the security of the grid.

Fortifying America's electric grid is critical to the reliable and secure delivery of electricity. We are now faced with evolving and rapid changes to the system that threaten the reliability of our grid. Aging infrastructure and increases in demand are multifaceted stressors to the grid, putting the national and economic security of the American people at risk. The threats to America's energy infrastructure are also evolving at an unprecedented pace. Cyber adversaries and physical attacks are no longer isolated challenges – they are converging to create a complex and persistent threat landscape. I am committed to restoring American energy dominance to ensure that we make energy more affordable, reliable, and secure.

DOE is also working to replenish the Strategic Petroleum Reserve (SPR). The SPR is a national asset that protects our security in times of crisis. The last administration's politically motivated depletion of 180 million barrels has significantly degraded SPR infrastructure, brought storage levels to historic lows, and weakened America's ability to respond to new geopolitical oil market shocks. At the end of calendar year 2024, the SPR held 394 million barrels of crude out of a 714-million-barrel top-line capacity, or operational capacity of approximately 680 million barrels. It is noted that the time needed to refill the SPR is six times greater than the time required to do a drawdown; thus, it is important to make material progress immediately.

In his 2025 Inaugural Address, President Trump made a commitment to "bring prices down, fill our strategic reserves up again right to the top, and export American energy all over the world." Subsequently, I issued a Secretarial Order to refill the SPR and review SPR infrastructure and develop appropriate plans to safeguard this important strategic asset.

We appreciate the work of the Committee to provide fiscal responsibility and critical funding for key parts of our energy infrastructure through reconciliation, such as the Strategic Petroleum Reserve (SPR). The SPR funding will enhance its infrastructure and longevity, building back its inventory to ensure the reserve can protect our security in times of crisis for many decades to come.

Critical minerals and materials, used in applications across energy, defense, industry, and consumer electronics, are essential for economic growth and national security. Currently, however, the United States is reliant on other countries, like China, which dominates midstream processing and refining. It is essential that we focus on building domestic capabilities to extract, process, manufacture, and recover end-of-life critical materials for our industrial needs, energy goals, and national security. DOE is already directly supporting the goals laid out in recent executive orders on critical minerals and materials by identifying and expediting pending projects to support domestic mineral production, coordinating with other agencies including the U.S. Department of Defense, exploring the effectiveness of offtake agreements and pricing support, and developing new programs to bolster domestic mining and production.

America doesn't back down from big challenges or big builds. If we want abundant, affordable, and secure energy, we must invest in the infrastructure, generation, and innovation that get us there. We are working to accelerate projects through permitting reform. Every delay is a dollar lost. We need to break ground faster with streamlined permitting, standardized designs, and public-private partnerships to build at the speed of national need. And we need to do so with security in mind to be more resilient to attacks and failures. A proactive approach will minimize disruptions and ensure the reliable delivery of essential energy resources. Every mile of protected infrastructure is a step toward greater energy independence and national resilience.

To accomplish many of the goals this administration has set, the energy sector needs relief from the burdensome permitting process that sabotages America's natural competitive advantages for an abundant energy supply and reliable grid. DOE is identifying and exercising the legal authorities it has to streamline the permitting process for energy infrastructure to bolster our grid security and reliability. It is imperative that the Federal Government swiftly and effectively implements President Trump's agenda for the American people.

DOE also remains committed to the responsible and safe cleanup of our Nation's environmental legacy sites, from the Manhattan Project to the Cold War. DOE's Environmental Management program will continue to perform its cleanup efforts at all 14 of the active sites.

I believe the Department of Energy is well positioned to meet the next chapter of American energy security, but we will need to continue to strengthen our Nation's energy leadership by developing our enviable resources, bolstering global partnerships, and advancing new

technologies. We need to continue to foster innovations in quantum computing and AI. We have an urgent need to upgrade our nuclear arsenal and our broader capabilities to design and construct nuclear weapons and power systems. DOE can and will accomplish these goals by cutting red tape, prioritizing common-sense solutions, and cultivating American ingenuity.

FY 2026 President's Budget Request

DOE proposes $46.3 billion in discretionary budget authority for FY 2026. Our fiscally responsible budget will ensure taxpayer resources are allocated appropriately and cost-effectively. This budget will return DOE to its core mission of advancing energy innovation and global competitiveness through research and development. We will invest DOE's resources in sources and technologies that support affordable, reliable, and secure energy and provide a return on investment for the American taxpayers, while restoring confidence in America's fiscal management.

The responsible stewardship and modernization of the Nation's nuclear weapons systems is paramount for the Department of Energy and this Administration. With $30 billion for the National Nuclear Security Administration, we will address critical upgrades for the U.S. nuclear stockpile and maintain our engine powerhouses for submarines and aircraft carriers. Both tasks will become even more crucial in the next few years.

The President's budget proposes the cancellation of $15.247 billion in IIJA funds and a decrease of $2.572 billion relative to the FY 2025 enacted level for the Energy Efficiency and Renewable Energy account. This will halt investment in the Green New Deal projects that waste taxpayer money while failing to help meet the growing energy needs of the American people. While we will continue to invest in advancing emerging energy technologies, we must ensure that every single dollar spent is accountable to the taxpayers and generates a positive return on investment. This Administration is ending the reckless subsidizing of unreliable, unaffordable, and less secure energy sources.

The FY 2026 Budget includes $1.37 billion for the Office of Nuclear Energy, shifting the program's focus to innovation in fuels and reactor design to further U.S. dominance in nuclear technology, and curtailing overspending on non-essential activities. As global energy demand continues to grow, DOE must prioritize commercialization of affordable, reliable, safe, and secure nuclear energy. This budget will enable the rapid deployment of next-generation nuclear technology across the United States. Nuclear energy is incredible. It can provide not just electricity, but also high-temperature process heat, critical to making the materials we need for planes, trains, cars, and houses. Now is the time for a true nuclear renaissance. DOE is going to use all available tools, including direct funding and loans, to unleash this pivotal form of reliable energy. The Budget also includes $750 million of credit subsidy for the Loans Program Office to

accelerate the innovation and deployment of commercial nuclear technologies.

The Budget funds the Office of Science at $7.1 billion to support cutting-edge basic research in the physical sciences. These investments support identifying and accelerating critical and emerging technologies to strengthen the connection between advances in fundamental science and technology innovation. This Budget supports research focused on Administration priorities, including fusion energy, quantum information sciences, high speed computing, and artificial intelligence and machine learning, which bolsters U.S. leadership in science, technology, and innovation and supports the Department's national security mission.

We will also re-focus ARPA-E by decreasing its funding by $260 million relative to the FY 2025 enacted level. ARPA-E will no longer fund so-called green technologies and instead will focus on high risk, high reward research that advances reliable energy technologies and other critical and emerging technologies.

The Budget also includes $8.09 billion for the Environmental Management program and reflects this Administration's strong commitment to clean up and protect communities that supported defense production programs and government-sponsored nuclear energy research, including $3.07 billion to continue cleanup progress at the Hanford site in Washington.

The Department is also focused on streamlining our operations within the agency, consolidating offices and activities to increase efficiency. We will return the Office of Fossil Energy to its proper name and restore its central function of supporting the production of fossil energy, including coal, and critical minerals for the United States, funding the office at $595 million.

The Administration proposes to eliminate spending that is at odds with the intentions and policies outlined in President Trump's Executive Orders, Presidential Memoranda, Proclamations, and other guidance.

As Secretary of Energy, I am honored and humbled by the responsibility to help meet the American people's growing energy needs and lead the world in energy development. Thank you for the opportunity to testify before this committee.

Mr. LATTA. Well, thank you very much, Mr. Chairman, for—or Mr. Secretary—for your testimony today. And we will now move into the question-and-answer portion of the hearing, and I will begin the questioning and recognize myself for 5 minutes.

One of the things I have asked over the last 4 years is the same question of our witnesses coming before us, Mr. Secretary: Do we need to have more energy or less energy produced in this country?

Secretary WRIGHT. Unquestionably, more energy.

Mr. LATTA. And, you know, as we look at this, you know, we are looking at a widening gap between our projected electricity needs, largely driven by the new data centers you pointed out, and we also have a reshoring of domestic manufacturing, the amount of reliable energy entering the system to meet that demand.

As you know, record levels of baseload generation are prematurely retiring. How is the Department viewing this existential threat, and what do you see as the potential consequences for not meeting the moment?

Secretary WRIGHT. Yes, if one were to look at recent data, growth in electricity production and energy more broadly in China has been rapid. And in the United States, particularly in the electricity sector, we saw almost no growth in American electricity production during the 4 years of the last administration. Yet with almost no growth in production, we saw across the country an average 25 percent increase in electricity prices. This is clearly a pathway to losing the AI arms race. If we can't grow our electricity production and keep prices in check, America is in trouble.

Our administration is entirely focused on unleashing private capital, getting the government out of the way to grow and expand our supply of reliable, firm electricity. That is what AI needs: 24/7 365 electricity. But of course, that is what the American electricity grid needs as well. No one wants the lights to go out or electricity production to decline when your kid is on a ventilator or when your factory is running. We need reliable, affordable, secure electricity.

We are meeting with commercial providers across the spectrum about how to build and enable the expansion of American electricity generation. That is priority number one. We need to grow the supply of electricity even faster than the demand. That is the only way to meet the demands of AI and reshoring manufacturing, and to stop the highly destructive and politically polarizing rises in electricity prices. There is a lot of momentum behind this increasing the cost of electricity, restricting the ability to develop or even operate the existing plants. So it is a big challenge.

As Ranking Member Castor mentioned, yes, electricity prices have been rising fast under the last administration, and stopping that on a dime is a tricky challenge, but it is a challenge we can and must meet.

Mr. LATTA. Well, thank you. Your Department is undergoing a reorganization effort to align with priorities of the administration and most effectively accomplish your goals of energy dominance, technological superiority, and fueling economic prosperity. Would you give us an update as to where things stand with the reorganization efforts and the number of staff that have departed the agency?

Secretary WRIGHT. Yes, look, the Department of Energy is full of a bunch of tremendous, hard-working, committed men and women trying to better the direction for our country. But again, like with electricity prices, headcount at the Department grew over 20 percent during the last administration, with only increasing costs of energy and no increase in the supply of electricity. Clearly, that is a trajectory we don't want to go on.

So like with any business or any organization where you care about performance, we have got to critically look at what we do, how we do it, how we can be more efficient, and how we can concentrate limited resources on what matters the most. We have followed a careful, thoughtful way to look at how we are going to reorganize the Department and to bring the headcount more aligned with an appropriate budget for the times we are in. We have done this almost entirely through voluntary measures, so a lot of engagement with people. And we have had voluntary offers to give generous financial treatment for people that maybe—that are choosing to move on to a different chapter in their career.

These are hard and tough, and this is still ongoing. There is significant timeframe people have to choose whether this is the pathway they want to go or not. People will be moving from some offices to other offices to make sure we are appropriately staffed in every office. But I am proud of the hard work of the team, some of the people working behind me, and many, many more back at the Department.

In the next few weeks we will probably get more clarity on exactly where the reorganization is going to end, but I think it has been a great effort to align the people and the staffing with the mission we have at hand, and to align our expenditures with the output of the Department.

Mr. LATTA. Thank you very much. My time has expired, and I will submit my other questions in writing to you.

But at this time I will recognize the gentlelady from Florida, the ranking member of the subcommittee, for 5 minutes for her questions.

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

Mr. Secretary, you have actively been throttling back energy production, you have been complicit in raising American families' electric bills, and gutting innovation, so it is really hard to determine where to even start with this. But I will start with an initiative that is very popular across the country that helps our neighbors back home save money, and that is Energy Star. It is a joint DOE–EPA initiative mandated in statute by Congress. In the past it has been very bipartisan.

But your budget request runs counter to law. It actually proposes to completely eliminate Energy Star. No one thinks that is smart. Actually, I correct myself: The polluters and the utility companies that want consumers to use a lot more energy, they like it. But I am going to offer for the record a letter from leading residential and real estate organizations that describes Energy Star as a key element of the all-of-the-above strategy. It says electricity saved by Energy Star helps free up space on the grid needed so the U.S. can lead the world to power and grow AI, bring manufacturing back to our shore. It reduces Americans' electricity bills.

I will offer that to you, Mr. Chair.

Mr. LATTA. And without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Ms. CASTOR. So, Secretary Wright, in a press release you said that DOE claims that when you eliminate Energy Star you save Americans $11 billion by rolling back energy efficiency standards. However, according to DOE's own estimates, eliminating those standards would increase Americans' utility bills by more than $54 billion. So how do you justify robbing Americans of $54 billion in savings from energy efficiency standards?

Secretary WRIGHT. So, of course, increasing energy efficiency, which has been going on for 200 years, is great. If you can invest, you know, $1 in increasing energy efficiency and save many dollars of energy costs, people do that all day long, every day, and they have been doing it throughout human history, and certainly long before——

Ms. CASTOR. So how do you justify it?

Secretary WRIGHT [continuing]. There was a Department of Energy. Because individuals and businesses should make the choice to evaluate those trade-offs.

Ms. CASTOR. And they do. There are no mandates in energy efficiency standards or appliances that people want to purchase. My folks back home are replacing a lot of appliances because we were socked by two hurricanes in a row and did real damage. And every time you say that you are—and the Republicans have been complicit on this—that you can't—you are not going to provide the information to consumers that they need to lower their electric bills at this time, that does real damage.

Secretary WRIGHT. We are not preventing any product being purchased by any consumer. Quite the contrary——

Ms. CASTOR. Yes, you have, in eliminating Energy Star, in the war on energy-efficient appliances. This is the opposite of what you said. You said you want to be good stewards of taxpayer money, but you are not. You are asking people to pay more, and taking the tools they need away from them.

I will move on to the industrial demonstrations, because you said America needs to be focused on innovation and lead the world. You know, China is doubling down on industrial-sector innovation and decarbonization. In April, China announced 101 new demonstration projects, including low-carbon steel, geothermal heat pumps, and green fertilizer. These—those projects will receive, of course, direct support, expedited approvals, prioritization. That is how they work. So the least that America can do if we want to keep up our competitive edge is to provide strategic support.

But you announced 2 weeks ago you are going to cancel those industrial demonstrations. You said these cancellations would strengthen our national security. Do you believe that allowing China to overtake the United States in these key sectors actually strengthens our national security?

Secretary WRIGHT. It is critical that the United States lead in the technologies that matter, but——

Ms. CASTOR. But you are taking the resources away from these kind of innovative companies. They have come to you, they have come to the Department of Energy. They are bringing their own

capital. They are not doing it on their own. And you are taking these tools away from them, kind of like pulling the rug out from under them, and ceding this to China. Why do you think that is a good idea?

Secretary WRIGHT. If American taxpayers invest a dollar, and the potential return on that dollar is a penny or maybe a dime, that is not a good expenditure of American dollars, and it is certainly not the pathway to win in a competitive marketplace.

Ms. CASTOR. Now, you said you are all for energy dominance, but it—you are doing the opposite. You are taking a hatchet to what makes America strong and what makes America great, and that is innovation and doing it in partnership with our private businesses. I think it is a recipe, again, for higher electric bills for our families and businesses back home, and it is a recipe for ceding ground to China that we are not going to put up with.

I will yield back.

Mr. LATTA. The gentlelady's time has expired, and the Chair now recognizes the gentleman from Kentucky, the chairman of the full committee, for 5 minutes for questions.

Mr. GUTHRIE. Thank you, Mr. Chair.

So, Mr. Secretary, we talked AI and we talked throughout this committee. My understanding is—we talked about decarbonization of China—the one concern on AI and defeating China at AI is the big, vast delta of China's expanding energy sector and our flat growth in energy. And my—what is, kind of, the components of China's growth in energy? My understanding is they have strong use of coal.

Secretary WRIGHT. Yes, by far the biggest source of electricity in China is coal. Coal is——

Mr. GUTHRIE. So would China be the world leader in decarbonization?

Secretary WRIGHT. No, China is definitely not the world leader in decarbonization. In fact, thank you for going back to that point.

There is one leader in decarbonization that by far leads the world, and that is the United States of America. We have reduced global greenhouse—we have reduced greenhouse gas emissions more than the next five countries after us combined. But—and these reductions——

Mr. GUTHRIE. Well, at the same time using coal as our energy generation as well. You can do coal in a clean way. My guess is China is probably not the leader in clean coal that we are.

Secretary WRIGHT. Correct. And our decarbonization was driven by market forces, not by government programs or incentives. They have had actually a relatively small role. The much bigger impact of government subsidies and involvement in our energy sector is to drive our energy prices up. And when you drive our energy prices up, you don't make things in the United States. They get offshored, and mostly to China.

Mr. GUTHRIE. Thanks. And so you wouldn't hold China up as an example of decarbonizing the world?

Secretary WRIGHT. Absolutely not.

Mr. GUTHRIE. And if we dismiss what they are doing, such as we—so we need 152 gigawatts of power over the next decade, estimated. We have 112 gigawatts, including coal and clean coal,

scheduled to come offline. What is your concern there? Not only do we have to make up the 152 we need, we have to create 112 that we are losing as well.

Secretary WRIGHT. Oh, it is a huge concern. Look, as I said, almost no growth in our electricity production over the last 4 years. You quoted some high numbers there, over 100 gigawatts of needed new power to lead the reindustrialization of our country and lead in AI. And at the same time, we are going to retire well-working, reliable, secure energy sources.

If you got to build up a mountain, the first thing to do is stop digging the hole.

Mr. GUTHRIE. Exactly. So if you look at that during the One Big Beautiful Bill, we have a provision in there—because the concerns you hear from people investing in energy, you know, some energy is a 20-, 30-year return on investment. And when there is—every 2 to 4 years, the policy seems to be changing out of Washington. They are concerned.

And to address that, one, I would love to see if we could all work together to have a bipartisan energy bill to show that we can work together. And, hopefully, that is still possible for us to do. We are going to make that effort. I can guarantee both sides of the aisle, we are going to work on that.

But you also came up with a provision that we put in the bill to help as well. And it is not really insurance companies can pay into, but can you describe that program a little bit for us?

Secretary WRIGHT. Yes, look, energy infrastructure takes time to build. Maybe the most famous example in the United States was the Keystone XL pipeline to bring Canadian oil down to American refineries so we can turn them into high-value products and sell them to Americans or export them overseas. Billions of dollars were spent on this pipeline, and then an administration came in and just stopped it.

Who is going to build long-term infrastructure if the next administration may just flush your investment? The Governor of New York did the same thing on pipelines that could lower the cost of energy in New York State and New England. Hundreds of millions of dollars were spent for these obviously beneficial pipelines, and then the—Governor Cuomo in New York just stopped them.

So the idea is we need to build confidence for people to make long-term investments again. And if the Government comes and changes their mind, they at least give you the money back that you invested to try to help the American economy.

Mr. GUTHRIE. That is only if the Government decision is what drives the loss of the investment, right?

Secretary WRIGHT. That is correct. Look, as a long-time entrepreneur, we make investments all the time. Sometimes they turn out great and sometimes they don't. That is the nature of business. But if your investment only fails because the Government changed the policy, well, the Government should have a cost for changing that policy.

Mr. GUTHRIE. OK. I only have a few seconds left, but my understanding is that over the past 5 years DOE has expanded by 35,000 people, employees and contractors. Are you—I am sure you are

looking at that and kind of—what is your explanation of that, and what you are doing with that?

Secretary WRIGHT. Yes. Look, it is another just example of growing headcount, spending more money, and hiring more people does not necessarily lead to positive results. And in fact, historically, at the DOE it has led to the opposite. We hired a lot of people whose main job was to try to stand in the way of energy development. That is not a productive use of people or capital.

Mr. GUTHRIE. Thank you. My time has expired. I appreciate you being here, and I will yield back.

Mr. LATTA. Thank you. The gentleman's time has expired, and he yields back. The Chair now recognizes the gentleman from New Jersey, the ranking member of the full committee, for 5 minutes for questions.

Mr. PALLONE. Thank you, Mr. Chairman.

This is not my question, but I just have to say it is ironic you are talking about, you know, what the previous administration did in terms of discouraging investment—which I don't agree, but, I mean, the irony right now is that you and the Trump administration are doing everything you can to prevent any kind of moving forward on clean energy. And so why would anybody—you know, you are killing all the clean energy initiatives around the country.

And so, you know, what is happening now, which is very sad, is that—what we really should be for is all-of-the-above in terms of energy. And my Republican colleagues claim that. But that is not what you and they do. You kill clean energy and you encourage fossil fuels. And this going back and forth, back and forth is certainly not good for the future in terms of America's dominance or energy independence.

But that is not what I wanted to ask, Mr. Secretary. I wanted to talk about the fact that the Trump administration has been laser focused on raising energy costs for Americans, despite what the President campaigned on. And the example came in the last month when your Department ordered two power plants burning coal, natural gas, and fuel oil to stay online mere days before they were scheduled to shut down for good. And just one problem: No one asked for these plants to stay open—not their grid operators, not their utilities, and not their State regulators.

So my question is—and you could just answer quickly—who made the decision to issue those orders under section 202(c) of the Federal Power Act? Was it you?

Secretary WRIGHT. I made those decisions.

Mr. PALLONE. That is fine. I want to move to the next question. It is not fine, but, I mean, I—that is what I wanted to hear.

Now, your Department ordered the utilities running those plants to get permission from FERC to charge customers to keep those plants online. According to the chair of Michigan's utility commission, those extra costs could costs homeowners and businesses tens of millions of dollars.

And just in case anyone doubts these facts, I would like to insert two articles on these orders into the record, Mr. Chairman. One is from The New York Times and one is from The Washington Post that, you know, back up what I just said.

So let me——

Mr. LATTA. Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Mr. PALLONE. Thank you, Mr. Chairman.

Mr. Secretary, your background is in the oil and gas sector, not the electric sector. So why do you think that you knew better than the grid operators, the utilities, and the State regulators, you know, to actually try to revive these, even though no one seemed to care?

Why are you increasing electricity prices for millions of people? Because you know better about what you think we should do with these plants?

Secretary WRIGHT. So keeping the coal plant open in Michigan, in southwestern Michigan—2 days after we issued the order to stop that plant from closing, there was a blackout in MISO. MISO is the tightest reserve margin place we have in the country. You need to be able to keep the lights on.

Mr. PALLONE. OK.

Secretary WRIGHT. Two days later, the lights went out. It is hard to overestimate the extent——

Mr. PALLONE. Well, that was a different part of the State. But in any case——

Secretary WRIGHT. Same grid.

Mr. PALLONE [continuing]. It is going to increase monthly energy bills for millions of Americans. That is my point.

And I want to ask one more question, because, you know, we don't have a lot of time. I want to turn to a statement you made about the Department's Loan Programs Office at a recent Senate hearing. You said, and I quote, "We do need to make sure we have funding available in the Loan Programs Office because, used judiciously, it is a way to leverage private capital to make things happen fast."

Now, the Republican Governors of South Carolina and Indiana have made it clear that achieving the administration's desired nuclear build-out will be impossible without the Loan Programs Office, and I would like to ask unanimous consent to enter into the record a letter from the South Carolina Governor in which he states that, without the existing Federal tax credits and loan programs for nuclear power that make—making financing new nuclear power generation possible, that effort would be dead without the loan program.

So let me just ask you, do you think that——

Mr. LATTA. Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Mr. PALLONE. Thank you, Mr. Chairman.

Do you think that it is possible, if Federal funding for the Loan Programs Office is clawed back, that they are going to be able to accomplish this goal? That is not what the Governor says.

Secretary WRIGHT. There is a funding request in the proposed budget for the DOE to continue the Loan Programs Office. And yes, I do think it is a helpful tool to launch nuclear energy, which is why we are requesting money to do just that.

Mr. PALLONE. Right. But in the House Republican reconciliation bill, they get rid of it. So that is inconsistent, obviously, correct?

Secretary WRIGHT. I am not sure all of the funding is gone in the House reconciliation bill, but it——

Mr. PALLONE. But it says all unobligated funding. I mean, clearly it is going to cripple the program.

I mean, all I am asking you to say is you would like to see the program continue, despite whatever the Republicans are doing here. Is that accurate?

Secretary WRIGHT. That is accurate.

Mr. PALLONE. All right. Thank you so much.

[Pause.]

Mr. LATTA. Does the gentleman yield back?

Mr. PALLONE. Yes.

Mr. LATTA. The gentleman yields back the balance of his time. The Chair now recognizes the vice chair of the subcommittee, the gentleman from Texas, for 5 minutes for questions.

Mr. WEBER. Thank you, Mr. Chairman.

And Mr. Secretary, we thank you for being here. And before I get to the questions I want to note for the record that the Keystone pipeline would have come into my district over there on the Gulf Coast of Texas, 830,000 barrels of product a day. And I was unaware that there was billions of dollars poured into, I guess, engineering and developing that process before President Obama killed it. I actually got to meet him when I came into Congress, and he said he was considering the Keystone Pipeline. Then, of course, he killed it.

From my colleagues across the aisle, 830,000 barrels a day, if you took an 18-wheeler that holds about 7,000 gallons or 9,000 gallons—if it is a small, medium, or large one—it would take—you divide that into barrels of product a day, it is about 120 barrels per 18-wheeler. It would take 5,318 wheelers on the highway every day to move that amount of oil. And I thought our friends across the aisle were against emissions, those kinds of emissions, but I defer, so I will—let me go to my questions, Mr. Wright.

U.S. LNG exports, which—I have three LNG plants in my district—are a critical part of President Trump's energy dominance agenda, with my district serving as a major hub with Freeport LNG, Golden Pass LNG, Port Arthur LNG, and Cheniere Sabine's LNG, which is actually across Louisiana's border, that other foreign nation about 6 miles from us that—we help them get their product out into the Gulf.

Since 2016, the U.S. has become the world's largest LNG exporter, generating over 400 billion—with a B—dollars in economic growth, and has supported an average of 273,000 direct and indirect U.S. jobs. However, I was concerned about the USTR 301 action, which threatened to suspend LNG export licenses for current as well as future facilities if certain vessel requirements were not met. So I am so grateful that the penalty was recently proposed to be removed.

So the question is, Does the DOE have the sole authority over LNG export licenses, and what steps are we taking to further support and grow U.S. LNG exports, Mr. Secretary?

Secretary WRIGHT. Yes, the DOE is the entity with authority to grant or not grant LNG export licenses. We take it very seriously. We have a lot of projects in the queue. We evaluated them thor-

oughly and expeditiously, and it is the fastest-growing United States export. And in fact, natural gas is by far the fastest-growing source of energy in the United States and around the planet.

So it is huge economic opportunity for the United States, and I am excited to see the huge capital—private capital flowing in to grow the capacity.

Mr. WEBER. Sure. Well, I appreciate that. And of course, as you know, Texas is the number-one wind energy State as well as solar panel State in the country. Twenty percent of our power comes from wind, and 5 percent comes from solar. It is funny to hear my friends across the aisle talk about how we are trying to kill green energy. No, we are not. We are just recognizing that we need a stable, reliable, dependable, affordable energy base to be able to do these things.

Let me move on. And, you know, maybe—I wonder if you would be willing to testify at the Science, Space, and Technology Committee if we could get you in there some time. I am the committee chair—subcommittee chair for energy there, too, but we will catch up on that a little later.

Under President Biden, Mr. Secretary, the petroleum reserve, Strategic Petroleum Reserve, as we discussed, 60 percent of it in my district—60 percent of it—has been unbelievably drawn down. It has reached its lowest level since 1983. When Biden took office, the SPR contained 638 million barrels of oil. Today it is 375 million barrels, roughly half.

In his 2025 inaugural address, President Trump made a commitment to refill the SPR. In this committee's reconciliation title we authorized $2 billion to big crude purchases, conduct—to buy—to conduct repairs and buy back 7 million barrels from mandated sales. So do you think the Department's plan to refill the SPR will work with what we have done in the reconciliation package?

Secretary WRIGHT. It is a start, absolutely.

Mr. WEBER. OK.

Secretary WRIGHT. I mean, the immediate thing we need to do is finish the repairs on the Strategic Petroleum Reserve. It was drawn down so quickly, that causes some damage to the infrastructure itself. So those repairs are ongoing, and they are a nontrivial amount of money to repair the SPR.

Then we also have to spend some money to offset planned additional sales of oil that were also entered into to reverse those so we don't shrink the deposits, and then additional funds will be used to fill it.

Mr. WEBER. OK.

Secretary WRIGHT. But yes, I thank you for that funding, and—

Mr. WEBER. Very quickly, before I yield back, Mr. Chairman, if I can—so you actually have a plan to build up our energy and at affordable prices, not make energy higher. Thank you, Mr. Secretary.

I yield back.

Mr. LATTA. The gentleman's time has expired, and the Chair now recognizes the gentleman from California's 50th district for 5 minutes for questions.

Mr. PETERS. Thank you, Mr. Chairman.

Thank you, Secretary Wright, for coming. I appreciate it, seeing you today. I want to ask some questions about transmission and the grid.

In your first secretarial order, you committed to use all lawful authorities to strengthen the grid, including the backbone, our transmission system. Since 2005, FERC has had the authority to act as the sole permitting agency for large, multistate transmission lines that your Department deems to be in the national interest. But the Federal Government has not once used this authority, due to litigation and endless bureaucracy regarding DOE's role in the process. That is Bush, Obama, Trump, Biden. It never used the authority.

The backstop permitting authority for transmission is also a fraction of the authority that FERC has long had over natural gas pipelines and LNG, which always get their one-stop permitting shop at FERC.

So my question is, Would you support bipartisan efforts in Congress to streamline this permit authority for large transmission lines, including would you be supportive of establishing permitting parity at FERC between natural gas and transmission?

Secretary WRIGHT. Absolutely. The United States needs to build more energy infrastructure of all kinds, and certainly including transmission lines.

Mr. PETERS. OK. And I agree with my colleagues that we are—we have a—we are walking into a reliability and affordability crisis. And I think, to the extent that is because right now our grid is planned in a way that is segmented, costly, and inefficient, the various regions across the country have no incentive to work together or ensure that we are meeting load growth in the most efficient and cost-effective way.

Last year, the North American Electric Reliability Corporation, NERC, released a study showing that an additional 35 gigawatts of interregional transmission capacity, which are grid connections between—among regions, would make the grid more resilient against extreme weather, would lower costs, and enable us to meet load growth. The study also says that building interregional transmission maximizes the use of energy resources, including peaker plants like natural gas, by enabling regions to send power where it is abundant to where it is most needed. Do you agree with the results of that study?

And what can you do with the Department to help build more regional, interregional transmission infrastructure and use DOE authorities to build more regional transmission?

Secretary WRIGHT. Look, there is—so I can't speak to the specifics in that study. I do read a lot about the studies, but I can't comment on that one. But yes, are we better off with more——

Mr. PETERS. Sometimes—the Seam Study. You might have heard of it that way.

Secretary WRIGHT. Yes. Look, there is no doubt that our country and our grid would benefit from more transmission. And it is a subject at—of active study and discussion at the DOE.

The problem, as you know, the historical record of building transmission is just deathly long, incredibly hard. NEPA and environmental protests have made it more than a decade to build any-

thing. Very frustrating. We are working on that. We would love to get that faster. And in the meantime, we are also working on things to take existing right-of-ways and either have dynamic rating on lines—they have a certain maximum power they can put through, but it depends on temperature and wind speed.

Mr. PETERS. I don't disagree with any of that. I think—actually I am working on NEPA right now myself, because I agree with you.

But the issue I am raising is the lack of incentive among regions to cooperate with each other to build transmission that I think undisputedly would make our system more reliable and offer lower cost for consumers. And what I would love to get is the opportunity to work with you, get your commitment that that is something you want to do, and that you would work with us on a bipartisan approach to getting that done.

Secretary WRIGHT. I would love to work with you, we would love to. And you are right, not just in the interregional transmission, but there is a lot of just the wrong incentives in our electricity grid because of the regulatory environment. So I look forward to working with you in a bipartisan basis to figure out how to make electricity easier to move and cheaper to buy.

Mr. PETERS. All right. And also, I think we have some different understanding of the facts of the production of energy. I just wanted to say the U.S. produced record oil and gas in 2023, more than we have ever produced before. We always thought it was an irony that we produced more oil and gas under Biden and more renewables than under Trump—and more renewables under Trump than we produced under Biden. And in fact, electricity production is up about 5 percent over the last 5 years. We know we got to do more electricity production.

And the one thing I would just say, you mentioned a concern about investors losing their investment in energy because of a change in Government policy, and maybe the Government should reimburse them. We are about to do just that. There's 2,600 gigawatts of energy lined up to get connected. About 90 percent of that is nonemitting, what we call clean energy. And they depend on these—the—many of the tax incentives that have been laid out in existing law. And I think the administration's proposing not to phase those out, but just to cut them off, and a lot of that energy won't be realized because of that. I assume you are not suggesting we pay those people for changing the law like you just said?

Secretary WRIGHT. No, look, the subsidies for wind——

Mr. LATTA. If you could answer the gentleman's—

Mr. PETERS. I am——

Mr. LATTA. He is out of time. If you can do it in about 10 seconds, that would be great.

Secretary WRIGHT. Yes. Those subsidies are decades old. We absolutely should get rid of them as soon as possible.

Mr. PETERS. We are changing the law and hurting investors like you said you were concerned about——

Secretary WRIGHT. Removing subsidies is not preventing construction.

Mr. PETERS. It is current law.

Mr. LATTA. The gentleman's time has expired, and the Chair now recognizes the gentleman from Georgia's 12th district for 5 minutes for questions.

Mr. ALLEN. Thank you, Chair Latta, for holding this important hearing.

Thank you, Energy Secretary Wright, for being here to testify before the subcommittee and taking on this enormous challenge that we have before us at such a time as this.

During the last administration, our energy prices skyrocketed. And in fact, if you were born after 1982, you had never experienced inflation greater than 2 percent in this country, so it was a great awakening. And a lot of that was costly regulations that made energy costs higher for our constituents.

I am glad to have an administration in the White House that is focused on unleashing our domestic energy production and focusing on being energy dominant. Free-market competition is the only way to reduce inflation and to reduce costs.

I am proud to highlight that my district is home to Plant Vogtle, the Nation's largest and most advanced clean-energy nuclear facility with units 3 and 4 now fully operational. Nuclear energy is critical for our Nation's energy security, and as the Trump administration has issued Executive orders promoting nuclear energy, I look forward to working with you in deploying our nuclear energy capabilities.

President Trump's Unleashing American Energy Executive order directed the Department of Energy to safeguard the American people's freedom to choose from a variety of goods and appliances in lieu of these mandates from the previous administration. Congress aided by repealing several Biden final rules that would have restricted consumer choice.

Under your purview, how has the Office of Energy Efficiency and Renewable Energy refocused on core missions?

Secretary WRIGHT. Yes, we are refocused on core missions. And in fact, I was down in your great State not long ago, celebrating the fact that a tankless natural gas hot water heater manufacturing company——

Mr. ALLEN. Yes.

Secretary WRIGHT [continuing]. Was not shut down.

Mr. ALLEN. Right.

Secretary WRIGHT. It would have been shut down with—the Biden rule had gone into place. That is exactly—providing the most popular, low-cost, efficient way to heat water but was deemed not worthy by the Government, removing a choice and raising up the price at which people would buy hot water heaters.

So I am about choice and opportunity.

Mr. ALLEN. Well, thank you. Thank you for advocating for us there.

Under the Energy Policy and Conservation Act, DOE is required to review energy-efficient standards of covered products no later than 6 years after the issuance of a final rule. Has this led to the weaponization of EPCA, with the previous administration using it as a tool in its antifossil energy agenda?

As this administration evaluates energy efficiency standards in the future, how will DOE prioritize consumers' affordability in the letter of the law?

Secretary WRIGHT. Yes. So number one, the constraint is to follow the letter of the law, you know, and EPCA is a law—I might say unfortunately, but it is the law. So we have to work around that constraint.

But yes, it has been weaponized to bring in all sorts of different devices or things people might use, and decide that Big Brother, the Government, should decide how they heat themselves on their outdoor patio or their hot tub or every other part of their life. I think this is just the perfect example of government run amok and getting involved in choices that are going to be made differently by different people.

Mr. ALLEN. Yes, and I think we heard that loud and clear. The American people want choice.

OPEC+, mostly steered by Saudi Arabia, recently agreed to the third monthly hike in a row, driving oil prices lower as the cartels aim to reclaim their share of global markets. I am concerned that OPEC+ is not just managing supply from member countries, but that there is a strategic and geopolitical intent that is detrimental to U.S. producers.

We have got about 40 seconds. You and subsequently President Trump recently visited the Middle East. It is great to see the Secretary of Energy promoting U.S. energy on the global stage again. Can you tell us more about the conversations that took place related to global oil markets? And I need to do that in about 20 seconds.

Secretary WRIGHT. Yes. Hey, look, two main topics were discussed. The huge amount of capital they developed, their goal is to invest as much of that as possible in the United States, into our energy infrastructure and other industries in our country. And we welcome that investment.

And we discussed decadal-long outlook for demand for energy, just trying to base in reality what investments are needed today to supply energy demands a decade, two decades, four decades from now. There was almost zero dialog on today's oil prices or supply and demand in the short run.

Mr. ALLEN. Good. Thank you, sir, for your service to our country.

And I yield back.

Mr. LATTA. Thank you. The——

Secretary WRIGHT. Thank you, thank you.

Mr. LATTA [continuing]. Gentleman's time has expired, and the Chair now recognizes the gentleman from New Jersey's 8th district for 5 minutes for questions.

Mr. MENENDEZ. Thank you, Chairman.

Secretary Wright, this administration has made clear it wants to make America energy dominant. Is that correct?

Secretary WRIGHT. Yes.

Mr. MENENDEZ. And would you agree that the best way to achieve energy dominance is by an all-of-the-above approach to energy production? Just yes or no.

Secretary WRIGHT. I have never supported all-of-the-above, because if something is going to make energy more expensive and less reliable, I am not for that.

Mr. MENENDEZ. Well, OK, actually, let's walk through that. So more expensive, less reliable. Is that correct? That is why you are not a proponent of all-of-the-above strategy which would include renewable energy.

Secretary WRIGHT. All energy sources that will provide secure, affordable, reliable energy over the long term I am in favor of. I have worked in solar, in geothermal, in nuclear, across the energy spectrum. I haven't worked in wind or coal, but almost every other energy source I have worked in.

Mr. MENENDEZ. All right, we will keep moving. Would you agree that energy affordability is an issue important to so many Americans, including when it comes to their energy bills? Just yes or no.

Secretary WRIGHT. Oh, yes.

Mr. MENENDEZ. Yes, I agree. And would you agree that increased production of all types of energy, including renewables, helps bring down costs for consumers?

Secretary WRIGHT. Absolutely not. That is not at all how the marketplace has worked.

Mr. MENENDEZ. OK, let's keep going. "Absolutely not." I am going to make a note of that.

So do you know which States have been most successful in driving down energy prices for consumers?

Secretary WRIGHT. It depends on the baseline where you begin. I will tell you Florida over 15 years has had very little rise in their electricity price, and California has more than doubled them. And you can see the dramatically different policy in those two States.

Mr. MENENDEZ. So let's go with Texas. Earlier this year, the Energy Information Administration predicted that Texas was one of the few places in the country where energy prices were expected to decrease. Were you aware of that?

Secretary WRIGHT. I am aware of electricity price trends in Texas, yes.

Mr. MENENDEZ. And do you know where Texas ranks in terms of deployment of renewable energy sources?

Secretary WRIGHT. It would be the largest, because you can build things in Texas. It is predominantly natural-gas-powered grid, but they have a huge amount of wind power and solar power as well.

Mr. MENENDEZ. That is exactly right. Texas leads the Nation in wind production, is the second-largest producer of solar power after California. In 2023, renewable sources provided almost 30 percent of Texas's total electricity generation. Over the past 10 years, Texas has seen electricity prices decline as solar and wind have grown rapidly.

Would you say that this decline in energy prices is good for Texans? Yes or no.

Secretary WRIGHT. Declining electricity prices is a good thing. The 200-plus people who died in the blackout in 2021 was a very bad thing.

Mr. MENENDEZ. I agree with that. Would you agree that consumers in Texas are benefiting from lower energy prices that result from increased renewable energy production?

Secretary WRIGHT. I don't think that is a meaningful driver of reduced energy prices in Texas.

Mr. MENENDEZ. Why is that?

Secretary WRIGHT. Because they—when—the more——

Mr. MENENDEZ. Lower energy production leads to lower prices, isn't that generally the idea of supply and demand?

Secretary WRIGHT. Only if you can store something. You have to match supply and demand at every instant on the electricity grid. You can't just put extra energy in a pot. Peak——

Mr. MENENDEZ. It seems like Texas has been successful at that because production has gone up with renewable energy. It accounts for about 30 percent of their energy production, and consumers are seeing lower prices.

Secretary WRIGHT. Natural gas is the biggest source of electricity in Texas. Natural gas prices have gone down. It is also the——

Mr. MENENDEZ. Well, going back to the all-of-the-above, Texas has both legacy energy production and also clean renewable energy. And what you are seeing is lower prices. Is that not accurate?

Secretary WRIGHT. Look——

Mr. MENENDEZ. It just seems like that is just a truth that you don't seem to want to admit to.

Secretary WRIGHT. It is—lower prices are good.

Mr. MENENDEZ. Yes.

Secretary WRIGHT. Lower prices are good. And renewables at any penetration level are not necessarily ruinous. I am just saying the drive-down in Texas electricity prices has not been primarily driven by wind and solar.

Mr. MENENDEZ. Primarily, but would you say it is a contributing factor?

You are going to say zero, it is not a contributing factor at all. That is your testimony today. It has zero impact on the price for consumers.

Secretary WRIGHT. That is not my testimony. My testimony is it is more complicated than you are putting it out there as.

Mr. MENENDEZ. And I think it is simpler than you are making it seem.

So let me ask you this. Despite Texas's success in embracing renewables and the real results of bringing energy prices down for consumers, are you still opposed to an all-of-the-above energy approach that includes renewables? Just a simple yes or no.

Secretary WRIGHT. I am not opposed to renewable energy at all. I don't use the term "renewable," because they are not renewable. But I am not opposed to alternative——

Mr. MENENDEZ. Clean energy.

Secretary WRIGHT [continuing]. Energy sources.

Mr. MENENDEZ. Yes.

Secretary WRIGHT. I have worked in them, I have invested in them, so I am not opposed to them.

Mr. MENENDEZ. But it is——

Secretary WRIGHT. But we need to do them to lower prices and keep grids stable, not as ways for wealthy people to gather dollars from the Government.

Mr. MENENDEZ. Well, I—that is a lot to unpack in the 5 seconds that I have, so I will leave it there. But I think your administration

is doing a disservice to the people that want to see a growth in renewable, clean, alternative energy. And we should continue to invest in it because we have seen success in places like Texas. Thank you for being here.

I yield back.

Mr. LATTA. Thank you very much. The gentleman's time has expired. The Chair now recognizes the gentleman from Ohio's 12th district for 5 minutes for questions.

Mr. BALDERSON. Thank you, Mr. Chairman, and thank you, Secretary Wright, for being here today.

I will start off with U.S. LNG exports have been a game changer for natural gas producers in Ohio, the State where I represent, as well as our allies around the world. Opponents of LNG exports often push the narrative that exports raise domestic natural gas prices. However, the vast majority of studies, as well as Henry Hub data, show the opposite: Boosting exports increases domestic production, which lowers the price for American consumers.

In fact, while LNG exports rose by roughly 14 BCF per day between 2016 and 2023, dry gas production jumped by 31 BCF per day. And despite total U.S. natural gas consumption almost doubling from 2010 to 2023, the 2023 average natural gas price of $2.54 was the second-lowest level in over 35 years, only exceeding 2020 pandemic levels.

Mr. Secretary, can you talk about the potential of U.S. LNG exports, not only for our allies but how boosting LNG can keep natural gas prices low for the consumers here at home?

Secretary WRIGHT. Thank you, Representative, and I agree very much with your premise. Seventeen years ago, the United States was the largest importer of natural gas in the world, and we had over 1,000 rigs drilling specifically to produce natural gas. Today that over 1,000 rigs is only 100 rigs drilling in the United States for natural gas.

And as you pointed out, we have become the largest net exporter of natural gas in the world. This is technology, this is efficiency, and this is infrastructure that gets built to move natural gas at scale. All of those ultimately lower the cost to produce natural gas, they lower the cost to American consumers of what is today the biggest energy source in the United States.

Seventy percent of total energy—not just electricity, but total energy consumed in the United States—comes from two things: natural gas and oil. And so you are right, this growth in natural gas has not only been great for American consumers and businesses, but it is our fastest-growing export. Within a decade, I think, it will be the largest export from the United States of America.

The natural gas story has been a great story. It has faced a lot of headwinds and a lot of political pushback and battles in the—on the way there, but it has been a great story of lowering costs for American consumers and giving greater security to our allies abroad and growing the geopolitical influence of the United States.

Mr. BALDERSON. Thank you.

Secretary WRIGHT. And Ohio has been a leader in that, I should say, as well.

Mr. BALDERSON. Amen. Thank you, Secretary, I appreciate you putting Ohio out there.

One of the greatest threats to affordability is not exports but the lack of pipeline infrastructure, especially in the Northeast. As you know, expanding our pipeline capacity is a top priority for natural gas producers in Ohio and the Utica and Marcellus Shale.

How is your Department working with FERC to prioritize natural gas pipeline development?

Secretary WRIGHT. Oh, active dialogs not just with FERC but across the Government. And I think you pointed out a classic example. Why does the 6 States of New England all have expensive electricity and relatively expensive home heating? Just a lack of a pipeline. Tremendous gas resources in Pennsylvania, West Virginia, and Ohio that have changed the game for people living in those regions.

But New York State has historically stood in the way of building a new pipeline or expanding pipeline access through its State. I think we are going to change that. I hope we are going to see 2 pipelines under construction in the next 12 months, which would really lower electricity costs, home heating costs, and opportunities for businesses to expand in New York State and New England.

So building and, of course, not just in New England. The United States needs a fair amount of new pipeline infrastructure. There are private developers and private capital that will fund it. To your point, we just need to have a more sane and reasonable regulatory environment to get certainty in a reasonable timeframe to build these pipelines, but I support 100 percent your point.

Mr. BALDERSON. Thank you. With just 45 seconds left—so be watchful of the time. Given your role as Secretary of Energy and vice chair of the National Energy Dominance Council, I wanted to get your thoughts on an issue that presents a major threat to grid reliability: the broken interconnection queue process. You have 30 seconds.

Secretary WRIGHT. Yes. I think, as we heard earlier, 95 percent of the projects in the queue to get connected at FERC are wind, solar, or batteries. The vast majority of them have no chance of being built, but you can just throw your name in the queue, and you can clog up the queue with a million studies. And it has led to inefficiencies.

So we need to look at that process and make—and prioritize projects that are impactful, and make it move faster and more efficiently.

Mr. BALDERSON. And we have a bill that we would like you to look at sometime.

Secretary WRIGHT. Great.

Mr. BALDERSON. Thank you, Mr. Chairman, I yield back.

Mr. LATTA. Thank you. The gentleman yields back, and the Chair now recognizes the gentlelady from Virginia's 4th district for 5 minutes for questions.

Ms. MCCLELLAN. Thank you, Chairman Latta.

Secretary Wright, as you may know, Virginia is the data center capital of the globe. But we are also the clean energy capital of the south, and I am particularly concerned about the Trump administration's impact on growing solar and wind projects in Virginia and how in the world we are going to meet our energy demands with the administration kneecapping solar.

And your testimony to the contrary, experts agree that solar is the fastest, cheapest, and cleanest source of energy now. And even Appalachian Power has acknowledged that coal is becoming more expensive, has contributed to rising electric costs for their customers, and their parent company has said that coal is not the most cost-effective choice for new investments, and they relied heavily on coal for a very long time.

But I don't think we are going to agree today on the benefits of wind and solar versus fossil fuels, so I want to focus on what I have heard consistently from my constituents concerned about workforce cuts, grant funding freezes, and lack of communications from the Department.

Seventy-five Clean City coalitions work under annual cooperative agreements with the Department of Energy to promote clean and affordable transportation fuel options. This is a program that has strong bipartisan support, but the coalitions are still waiting for notification of their contracts or signed financial agreements for the project period that started on April 1 of this year. Some of the coalitions have heard that the agreements are still under review, and the Virginia Clean Cities Coalition has reached out to my office with concerns that their work will go unpaid and that there will be disruptions in their programmings.

My staff asked the Department of Energy for an update. We still haven't heard back. So Secretary Wright, has anybody at the Department been instructed to withhold information about the status of grants and contracts, or to provide only vague, general, "We have received your request"?

Secretary WRIGHT. No one has been told to withhold information. We are not withholding. We have no unpaid invoices or behind on that stuff. We are administering all the existing projects, and we are carefully evaluating the projects that are committed, which run into the thousands.

Ms. MCCLELLAN. OK. Well, they still have not gotten any response on their contracts, and I haven't gotten responses to my inquiry, so can you——

Secretary WRIGHT. We will have to look into that.

Ms. MCCLELLAN. Can you give me a—I would like a specific date when the Department will notify the Clean Cities Coalition about their contract status. We have been waiting for 2 months, and I don't think it is acceptable for community partners or Members of Congress to go 2 months without an answer to their questions.

In addition, the Department recently canceled dozens of grants issued by the Office of Clean Energy Demonstrations for carbon capture and decarbonization processes. And your fiscal year 2026 budget eliminates this office entirely. Were the Department's subject matter experts involved in reviewing and deciding to cancel grants?

Secretary WRIGHT. I am sorry. Can you repeat just the last part of the question?

Ms. MCCLELLAN. So the grants issued by the Office of Clean Energy Demonstrations that have been canceled—was the Department of Energy experts involved in that, or was that DOGE?

Secretary WRIGHT. Oh, that is entirely the Department of Energy. We have five DOGE employees at the Department, a very small part of the staff, not——

Ms. MCCLELLAN. OK.

Secretary WRIGHT [continuing]. Not involved in any project evaluations.

Ms. MCCLELLAN. OK, thank you. Did you personally review any of the grant cancellations?

Secretary WRIGHT. Yes, I do.

Ms. MCCLELLAN. OK. Can you confirm that each awardee was given a chance to address any of the concerns raised by the Department of Energy before their grant was canceled?

Secretary WRIGHT. Most of the evaluations we are doing we have sent out large data requests that come back. Some of them that were more—that were—looked very unlikely to get over the hump were notified of decisions, but they have an ability to engage back with us, an informal dialog with us. And then there is a—two additional appeal processes after that.

So if we have made mistakes or the projects really are beneficial, that will be sorted out.

Ms. MCCLELLAN. Well, I hope—I am glad to hear that. And again, I have found it very—I have only been here—this is my third year in Congress, but I have been very concerned by the lack of responsiveness that I have heard from the administration, particularly from the Department of Energy, as we try to get answers for constituents that have had either grants cut, who have had notifications that they should have gotten months ago go delayed.

And as part of my job as oversight—and I recognize I am in the minority party, but I am a Member of Congress, too, who has oversight over your agency. And I certainly would hope that when Democratic Members of Congress ask questions to the agency and our legislative liaisons that we get answers. And when we don't, every time I see you I am going to ask you those questions directly. So thank you.

Mr. LATTA. Well, the gentlelady's time has expired, and the Chair now recognizes the gentlelady from Tennessee's 1st district for 5 minutes for questions.

Mrs. HARSHBARGER. Thank you, Mr. Chairman.

And thank you, Secretary, for being here today. You know, Tennessee is well known for providing nuclear services, and that is the line of questioning I am going to go down today.

We know nuclear fuel is essential to the success of America's nuclear renaissance and our energy security, and this committee led on the Russian uranium ban legislation enacted last year, and the legislation provides certainty to the market and is a prerequisite for new investment in the U.S. nuclear fuel supply chain.

My question is, Is the DOE committed to continuing to implement the ban legislation going forward, including a rigorous process to grant waivers to the ban?

Secretary WRIGHT. Yes, we are, and you are—I think the motivation behind the ban I agree with 100 percent, and we are working diligently to make America able to agree—to comply with that ban.

But as you know well, today in the commercial power sector there is no American-owned enrichment based in the United States

of America. It is really a sad state we have fallen into. We are working hard both through grants and just with dialogs with providers in this country. We really want to build up as fast as we can commercial enrichment in the United States, because, of course we should not be dependent upon Russia to fuel our nuclear reactors.

Mrs. HARSHBARGER. Right.

Secretary WRIGHT. And I am confident we will get there. I wish we were going to get there faster than we are, but we will get there, and your actions in legislation and on that bill are obviously helping prod it even faster. And I thank you for that.

Mrs. HARSHBARGER. Well, we are going to talk about some ways to do that here in just seconds. So given concerns regarding potential circumvention of the uranium ban via China, is the administration committed to implementing the anticircumvention provisions in the legislation?

Secretary WRIGHT. Yes.

Mrs. HARSHBARGER. OK.

Secretary WRIGHT. Yes, we are.

Mrs. HARSHBARGER. OK. Will you work with the committee to ensure the ban is implemented effectively?

Secretary WRIGHT. Yes, we will.

Mrs. HARSHBARGER. Fantastic.

President Trump recently released four Executive orders to accelerate nuclear fuel in this country, and I am in full support of those efforts. And I appreciate the forward-thinking and push to advance the High-Assay, Low-Enriched uranium, the HALEU, fuel supply chain by establishing U.S. enrichment for the next generation of reactors. And I encourage you to keep the pressure on.

However, we know it is going to take a few years to get the capacity up and running to meet the demand. And the Executive orders direct DOE to look at adding 20 metric tons of HALEU through downblending. And my district is home to BWXT's Nuclear Fuel Services. And in addition to manufacturing all of the Navy's nuclear fuel, they also currently operate NNSA's downblending for the tritium program.

So we have unique capabilities like NFS in the U.S. that can help move these critical, pro-U.S. energy policies forward. Have you identified enough feedstock material to deliver the 20 metric tons through downblending?

Secretary WRIGHT. I should—I believe the answer is yes, but I am not sure of that, so I should be careful on that.

Mrs. HARSHBARGER. OK.

Secretary WRIGHT. But——

Mrs. HARSHBARGER. OK, you could get back to me on that.

Secretary WRIGHT. Yes.

Mrs. HARSHBARGER. More broadly, how is DOE engaging industry to support these type of efforts?

Secretary WRIGHT. We are meeting with all existing people that work in the nuclear fuel cycle, people that may enter to work into that space.

And, you know, after the end of the Cold War and the decommissioning of nuclear weapons and the flood of fuel that put on the marketplace and Russia's strategic interest in flooding the market

with enriched uranium has really devastated the supply chain in the United States for nuclear energy, and we need to reverse it.

Mrs. HARSHBARGER. Well, we have Oak Ridge, we have Y–12. NFS has also been awarded a recent contract by the DOE's NNSA to develop a centrifuge pilot plant to ensure domestic supply of enriched uranium for defense purposes. So there is a lot of energy around domestic enrichment for civilian nuclear power, and I appreciate that. But however, there is a lot less conversation regarding domestic uranium enrichment for national security, specifically for NNSA's deterrence program and highly enriched uranium for naval reactors.

Can you share with the committee what the NNSA is doing to advance the so-called unobligated enrichment for national security?

Secretary WRIGHT. It is an active dialog. We do do enrichment, as you know, for our own—for our weapons programs and our national security reasons.

Mrs. HARSHBARGER. Yes.

Secretary WRIGHT. And I should say as well, look, Tennessee is a nuclear powerhouse. And not only me personally but the country: Thanks, Tennessee, for what you provide to the nuclear complex, and I believe what we will——

Mrs. HARSHBARGER. Yes.

Secretary WRIGHT [continuing]. You will growingly provide to the to the country going forward.

Mrs. HARSHBARGER. Yes. You know, Oak Ridge has a centrifuge technology, and I understand that NNSA selected an industrial partner to help advance the lab's U.S.-derived technology with plans to build a pilot plant. Can you provide an update here for the record on where this program is——

Secretary WRIGHT. Well——

Mrs. HARSHBARGER [continuing]. And where it ranks in NNSA's priorities? Because China and Russia——

Mr. LATTA. Well, pardon me.

Mrs. HARSHBARGER [continuing]. Aren't sitting idle.

Mr. LATTA. The gentlelady's time has expired. So if you want to submit that question for the record, that would be——

Mrs. HARSHBARGER. OK.

Mr. LATTA [continuing]. Advisable.

Mrs. HARSHBARGER. I can do that. I got a couple more.

Mr. LATTA. Yes. Well, thank you.

Mrs. HARSHBARGER. We will submit them.

Thank you.

Mr. LATTA. Thank you. The gentlelady's time has expired. The Chair now recognizes the gentlelady from Colorado's 1st district for 5 minutes for questions.

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

Welcome to my fellow Coloradoan. Mr. Secretary, one of the things that frustrates us on this side of the aisle is the expression of lofty goals regarding energy expansion and operational efficiency. You talked about it in your opening statement. And I want to expand on my colleague's exploration of the issue of nuclear energy with you, which I know is one of the administration's energy goals, is that right?

Secretary WRIGHT. Yes. Yes, absolutely.

Ms. DEGETTE. And so just to let you know, last Congress former Chair Jeff Duncan and I worked with the committee and the Senate to enact into law a bipartisan bill. I am sure you know about it, the ADVANCE Act. It seeks to accelerate the deployment of nuclear energy technologies while ensuring the protection of public health and environment for future generations. I was really proud to be cosponsor of that.

We had to do that bill because the NRC was already severely understaffed and overleveraged. In 2022 the NRC had shrunk by 23 percent in just 6 years, and over a third of the agency personnel were eligible for retirement as recently as last year. So this was even before the Trump administration came in.

So I want to talk about some of the cuts the administration is proposing in nuclear energy to the DOE, because what we are worried about—the NRC is already struggling, the DOE is cutting money. I don't see how we can achieve these lofty goals. So isn't it true the administration's budget would cut the Office of Nuclear Energy's funding by more than 20 percent?

Secretary WRIGHT. I believe it is a little bit less than 20 percent.

Ms. DEGETTE. It is actually about 24 percent.

Secretary WRIGHT. I may be in error.

Ms. DEGETTE. OK.

Secretary WRIGHT. But I will check that. But it——

Ms. DEGETTE. The budget also cuts the Advanced Reactors Demonstration Program funding by half. Is that correct?

Secretary WRIGHT. That program——

Ms. DEGETTE. Yes or no will work.

Secretary WRIGHT. That program is phasing down, so yes.

Ms. DEGETTE. OK, so yes. Since the beginning of the administration, DOE has lost over 20 percent of its staff due to terminating probationary employees and employees taking deferred resignations. Isn't that correct?

Secretary WRIGHT. From deferred resignations——

Ms. DEGETTE. Yes, so it is about 20 percent, correct?

Secretary WRIGHT. I don't have final numbers yet.

Ms. DEGETTE. OK. I will guarantee you it is.

And finally, DOE is currently under a hiring freeze right now. Is that correct?

Secretary WRIGHT. That is correct.

Ms. DEGETTE. OK. Now, so I want to talk about the administration's own stated goals for a minute.

The President signed an Executive order last month charging DOE with bringing three new reactors to criticality by July of 2026—that is just a little over a year—is that correct?

Secretary WRIGHT. That is our goal, absolutely.

Ms. DEGETTE. OK, that was what the Executive order said, is that right?

Secretary WRIGHT. I don't have it in front of me, but we have an aggressive goal to ramp things up in a year.

Ms. DEGETTE. I will tell you that I never ask incorrect questions.

[Laughter.]

Secretary WRIGHT. I wish I was as flawless as you, but I will——

Ms. DEGETTE. OK, you are not—I am not flawless, but I check my facts.

[Laughter.]

Ms. DEGETTE. Looking at all reactors built since 1950, are you aware that the average build time of those reactors was 8.1 years?

Secretary WRIGHT. And dramatically longer these days, but yes.

Ms. DEGETTE. Yes. Now, are you aware that the average application review process can take up to 5 years, and the commission phase typically takes 1 to 2 years?

Secretary WRIGHT. Yes, I think you are correctly identifying some problems.

Ms. DEGETTE. You are—here's some good news. I have a minute and 16 seconds left, so I would like you to explain to this committee, given all the cuts that I just outlined and given the personnel freezes, how the administration thinks that it is going to approve and bring online three new reactors to criticality by July next year.

Secretary WRIGHT. So, number one, there are going to be demonstration reactors at the Idaho National Laboratory. These are commercial companies that have technologies they want to——

Ms. DEGETTE. And they are not going to actually—so they are going to be demonstration, not actual energy-producing reactors.

Secretary WRIGHT. That is correct.

Ms. DEGETTE. OK. That is number one. Go ahead.

Secretary WRIGHT. And thank you for your leadership on the ADVANCE Act, by the way, Representative.

Ms. DEGETTE. You are welcome.

Secretary WRIGHT. And we—and the work on nuclear, it is not directly tied to the number of people. The NRC has grown hugely over decades and didn't deliver approved reactors. So there is difference between throughput and number of people.

Ms. DEGETTE. I don't disagree with that, sir, which is one reason I did the ADVANCE Act. But if you are going to have a plan even to put these three demonstration reactors up by next year, you have to have a—do you actually have a plan of how you are going to do that between now and then?

And if so, I would like you to send it to me, seeing as my time is up.

Mr. LATTA. Thank you very much.

Secretary WRIGHT. Yes, and will do.

Ms. DEGETTE. Thank you. I yield back.

Secretary WRIGHT. Thank you.

Mr. LATTA. The gentlelady's time has expired, and the Chair now recognizes the gentleman from Texas's 11th district for 5 minutes for questions.

Mr. PFLUGER. Secretary, good to see you. I never ask incorrect questions, either. And the last Secretary, I asked questions about how much energy we use, and she had no clue.

So let's get big picture here. You have extreme expertise about how energy in this country works. I am worried about everybody who has testified here, especially those recently who have talked about data centers and the demand that we are going to see, rising demand for electricity consumption, and how we are going to keep up with manufacturing.

Just big-picture priorities that you have set out that will enable us as a country to set the conditions for private industry to meet

that demand with adequate supply, I would love to hear your thoughts.

Secretary WRIGHT. Yes. Look, as you know, over the years we have created huge regulatory burdens on building infrastructure, on building pipelines, on building power plants, on building transmission lines. If you make it harder and harder and more and more expensive to do things, well, guess what? You get less of them, and that is what has happened in the United States.

I heard a comment earlier that U.S. oil and natural gas production were at all-time highs in 2023, which was true, but that is because it is dominantly on private land and State land, and it is not on Federal land. We have had huge Federal obstruction efforts. They haven't been entirely effective on oil and gas that is produced on private lands and on State lands, but when you restrict the ability to build pipelines and grow the transportation, you ultimately restrict the growth of it.

Power plants. With the Clean Power Plan, if you build a new power plant today you have to have carbon capture and sequestration injected underground, like, 11 years from now. That is a technology we don't have at commercial scale. Massively expensive. A parasitic load of maybe a third of the power plant has to go to that thing. People aren't going to invest money and build power plants with constrictions like that.

It is—there's a lot of reasons we haven't built as much new capacity as we should, and for—it is critical for this administration and this Congress that we work together to remove these obstacles and barriers that chill investment, because we need to lead in AI, we need to win in AI.

We can lead and we can win in AI, but to do that we need to get overly burdensome, truly not-focused-on-environment regulations out of the way so capital will flow and things will be built. We need some simplification with permitting. We need to make FERC move more efficiently. But I will tell you in this administration and I know in this Congress there are many people working tirelessly to achieve just that. So I am optimistic.

But yes, big changes need to be made.

Mr. PFLUGER. Thank you for your work on deregulation. Thank you for the work to set the conditions so that it allows industry to innovate, it allows industry to provide affordable, reliable energy that actually works, as opposed to what we saw the last 4 years. And on November 5th the American public spoke loud and clear.

I want to talk about the Mexico Pacific LNG export site and see if you have an update for us on that, what would be a 1,000-BCF-capable pipeline to deliver LNG to our partners and allies. And is there a status on this pipeline, on the permitting request?

Secretary WRIGHT. Representative Pfluger, say that again. Which pipeline?

Mr. PFLUGER. The Mexico Pacific Saguaro Energia, and it basically goes from the Permian Basin to the west coast of the Pacific with about a 1,000 BCF capability.

Secretary WRIGHT. I need to check into that, because that will not be just DOE on that.

Mr. PFLUGER. Sure.

Secretary WRIGHT. But I am aware of the project, and I need to check into that and get back to you on that.

Mr. PFLUGER. Thank you for that.

And so I know there has been some questions on the SPR. You know, just how damaging was it to see 300 million barrels flow out and—you know, for political expediency? And I know there may have been some questions previously asked about this, but, you know, what can we do legislatively so that this never happens again?

Secretary WRIGHT. I don't have a good answer to the latter question, but I think it is a dialog we should have.

And as you said, what would the damage—look, there was damage to the facilities from drying out oil too fast. That is certainly upwards of hundreds of millions of dollars of repairs that are going on. It is a reduction in our security right now because we have meaningfully less oil stored in our Strategic Petroleum Reserve. And I think it is a reduction in confidence in the seriousness of the United States.

You know, Strategic Petroleum Reserves are for strategic challenges that may arise in our future that we need to be prepared for. And to show that we are willing for political purposes to flush away nearly half of our strategic reserve for a short-term help in an election, presumably, I think hurts the credibility of the United States in how we view energy and how we view our strategic security.

Mr. PFLUGER. Thank you for your leadership. My district represents almost 45 percent of the country's crude oil production, and they want predictability. They want a horizon that they can provide that affordable, reliable energy on. Thank you for helping to set those conditions.

I yield back.

Mr. LATTA. The gentleman's time has expired, and the Chair now recognizes the gentlelady from California's 7th district for 5 minutes for questions.

Ms. MATSUI. Thank you very much, Mr. Chairman, and thank you very much, Secretary Wright, for being here today.

Now, strengthening American manufacturing and our critical mineral supply chain are bipartisan priorities for this committee. And it is a top priority for this administration. Is that correct, yes?

Secretary WRIGHT. I didn't hear everything you said, but reshoring manufacturing to this country is absolutely——

Ms. MATSUI. OK.

Secretary WRIGHT [continuing]. A top priority.

Ms. MATSUI. All right.

Secretary WRIGHT. Did I miss——

Ms. MATSUI. Great. Now, the 45X Advanced Manufacturing Tax Credit is crucial for onshoring battery and critical mineral supply chains. Do you agree, yes? You have to think about it?

Secretary WRIGHT. Yes, these are more complicated. Reshoring manufacturing will not dominantly be about tax credits or tax policy. It is more about regulatory environment——

Ms. MATSUI. OK.

Secretary WRIGHT [continuing]. Is a much bigger factor.

Ms. MATSUI. OK.

Secretary WRIGHT. But it could be helpful in that.

Ms. MATSUI. Yes, OK. Now, the lithium mining company Ioneer, which has received a nearly $1 billion loan from the Department of Energy, has said that repealing the Advanced Manufacturing Credit would have a "very direct impact." The chairman of Ford Motor Company has said, "We have built the business case around that. If it goes away, it puts in peril the plant and the jobs."

So why did the House Republicans just pass a bill to kill the Advanced Manufacturing Credit? Battery and critical minerals industry groups have called the new restrictions in Republicans' Big Ugly Bill "nearly impossible," and "effectively, a repeal."

Secretary Wright, this bill would require American companies to trace the supply chain of every screw, nut, and bolt to know information that they cannot obtain, including familial relationships of tangentially related parties, affiliates of lenders, and more.

Secretary Wright, you ran several companies. Do you seriously believe you could meet these requirements?

Secretary WRIGHT. I think if you want to resource the manufacturing sector of the United States, you don't want companies that are just pass-through entities for products from abroad. So it is a tricky—it is a sticky subject, but it is—I don't think it is black and white.

Ms. MATSUI. Well, could—OK, let's talk about—can Liberty Energy meet these requirements?

Secretary WRIGHT. I believe——

Ms. MATSUI. Do you have documentation that you have met these requirements or can meet these requirements?

Secretary WRIGHT. Well, I—at Liberty Energy we certainly were not involved with Government subsidies——

Ms. MATSUI. Right.

Secretary WRIGHT [continuing]. Of any kind, but I don't have a specific answer to your question.

Ms. MATSUI. OK. Now, I will just say this is a repeal, and it threatens hundreds of billions of dollars and tens of thousands of jobs in American manufacturing. If the President truly believes about American manufacturing, I urge you to pick up the phone and stop the Senate from repealing this credit.

Now I want to turn to another priority I think we can agree on. Next-generation geothermal energy has the potential to become a critical source of clean energy. Now, Secretary Wright, you have been very vocal supporter of geothermal. In fact, before joining DOE you invested in Fervo, a leading geothermal company. Yes or no, is that accurate?

Secretary WRIGHT. That is accurate.

Ms. MATSUI. OK. And President Trump even included geothermal in his Executive orders to boost domestic energy resources. Is that correct?

Secretary WRIGHT. That is——

Ms. MATSUI. Yes or no.

Secretary WRIGHT [continuing]. Correct.

Ms. MATSUI. OK. So why are congressional Republicans trying to kill the clean energy incentives that the geothermal industry is banking on?

The CEO of Fervo, Tim Latimer, whose company you have invested millions in, was recently quoted as saying, "Will we bring gigawatts on the grid this decade, or will it be the next decade? That is what the tax credits mean." It doesn't get more straightforward than that. The Republicans' Big Ugly Bill kills the new energy tax credits, and that will kill next-gen technologies.

Now, I know you agree with me, because it was reported just yesterday that you called for maintaining the clean energy tax credits for geothermal at the Energy Imperative Summit, is that correct? Yes or no.

Secretary WRIGHT. That is correct. I think geothermal should be included with nuclear as emerging, reliable, dispatchable energy sources for those credits—

Ms. MATSUI. OK.

Secretary WRIGHT. Yes.

Ms. MATSUI. So will you pick up the phone and push congressional Republicans to maintain the energy tax credits for geothermal?

Secretary WRIGHT. I have been doing just that.

Ms. MATSUI. OK. Thank you very much. And I would just have to say that, you know, the majority of new energy in the United States is renewable energy. And I think if we are serious about meeting the load growth from AI, then you need renewable energy.

And I realize I am running out of time, and I——

Mr. LATTA. Thank you very much. The gentlelady's time has expired, and yields back, and the Chair now recognizes the gentlelady from Iowa's 1st district for 5 minutes for questions.

Mrs. MILLER-MEEKS. Thank you, Chairman Latta and Ranking Member Castor, for holding this important hearing on the fiscal year 2026 Department of Energy budget.

Secretary Wright, I appreciate your leadership as we work to restore American energy dominance and ensure our Nation's energy security. Unlike the last 4 years of the previous administration, where we were in energy subtraction mode, we are now in energy addition mode, and the President's budget reflects the important priorities to bring critical investments in our national security that I strongly support.

We face unprecedented growth in electricity demand, driven largely by AI data centers and advanced manufacturing, and we must ensure that the DOE's programs support a diverse and resilient energy portfolio that maintains reliability and affordability while fostering innovation. And Iowa is one of those States that is an energy addition. With the NERC projecting potential demand increases of up to 151 gigawatts over the next decade, we need to ensure the Department of Energy's programs are laser focused on innovation and commercialization, and I look forward to working with you on that.

Secretary Wright, you are requesting $750 million in new credit subsidies while cutting administrative expenses in half. The program currently has 122 applications totaling 216.7 billion in requested funding. Can you explain how you will be able to process these through the pipeline and how you are going to address that issue with a decrease in personnel?

Secretary WRIGHT. Yes, thank you for the question, Representative.

And in the Department, of course, there is always massively more requests than we can achieve. You know, if you offer low-cost money, there is a lot of customers for that. So I think key for us is to focus in on which are the projects that can bring the greatest benefit to the American energy system and the American taxpayers.

And yes, the Loan Programs Office with the current budget request is shrinking. Personally, I would love to see it a little bit bigger than in the current plans right now. But boy, I certainly understand the Congress's and the American taxpayers' extreme frustration with the Loan Programs Office that it was used wildly irresponsibly in the last 4 years, and particularly in the 76 days after the election and before inauguration. If I saw more than twice as much money lent out or committed in 76 days than in the previous 15 years, I would be pretty suspicious of that program, as well.

So, you know, look, it dug a big hole. And my goal is to keep it alive and try to have some scale in it. So next-generation nuclear, some critical minerals stuff, potentially even geothermal, if there are businesses that can be and will be long-term commercial businesses but need a little help to get industry started again and it is creditworthy borrowers and there is meaningful equity money behind it, I think there's some good uses for the Loan Programs Office. But careful and judicial, and nothing like we saw in the last 4 years.

Mrs. MILLER-MEEKS. And you answered my followup question, so—and I have quite a number of questions I want to try to get to.

The Bioenergy Technologies program has reduced from 275 million to 70 million. Given the importance of sustainable aviation fuel to both our energy independence and aviation sector, what is your strategy for advancing SAF development and deployment?

And how will you ensure we don't fall behind other nations in this critical technology?

Secretary WRIGHT. Yes, I think the key area there is the last word you just said there, Representative: "technology." We need to keep—you know, so what we want to support in the Department is technology advancement. Biofuels in general are challenging, just because the energy density that arrives from the sun is not that high. It takes a lot of land to produce meaningful amounts of energy. But the more we can get that technology better and better, we can increase the energy density and grow the future runway for biofuels.

So we want to focus on driving technology forward and less on sort of corporate subsidies to existing technologies.

Mrs. MILLER-MEEKS. And then I am going to ask this question and then submit another one for the record on ARPA–E, but—and you can address this question in writing to us. But as we work to meet the rising electricity demand and modernize the grid, one cost-effective solution is reconductoring existing transmission and distribution lines with advanced conductors that increase capacity without requiring new rights-of-way.

I know I am running out of time, but if you could address for us in writing how the Department is willing to consider or incentivize reconductoring efforts, particularly in ways that enhance system performance and efficiency while keeping electricity reliable and affordable for consumers, I would appreciate that, especially as MISO is my grid. And had the previous administration been listening to grid operators, as suggested by the ranking member, we would have been increasing energy production and generation the past 4 years instead of subtracting.

Secretary WRIGHT. And reconductoring is a great solution.

Mr. LATTA. I am sorry, the——

Secretary WRIGHT. So I am with you.

Mr. LATTA. The gentlelady's time has expired, and the Chair now recognizes the gentleman from New York's 20th district for 5 minutes for questions.

Mr. TONKO. Thank you, Mr. Chair, and welcome and thank you, Secretary Wright.

Secretary Wright, like many Members before coming to Congress, I served in State government, including time at New York's State Energy Office, so I would like to try to understand the role you envision DOE playing to support its State partners with what I hope are yes-or-no questions.

Do you believe States have a responsibility in supporting energy emergency planning?

Secretary WRIGHT. Yes, I do.

Mr. TONKO. And what about cybersecurity?

Secretary WRIGHT. We cooperate with all authorities we can in cybersecurity, whether it is utilities, businesses—yes, including States.

Mr. TONKO. And what about providing technical analyses for public utility commission proceedings?

Secretary WRIGHT. Yes. Clearly, States play central roles in——

Mr. TONKO. Thank you.

Secretary WRIGHT [continuing]. Utility evaluations.

Mr. TONKO. Thank you. And what about addressing energy affordability challenges?

Secretary WRIGHT. I think that is a legitimate area for States to work in, absolutely.

Mr. TONKO. Sure. So these are just a few examples of activities that both red and blue States are already working on, and they rely on State energy program funding to support their work.

The President's budget request zeroes out the Office of State and Community Energy Programs, which includes the State Energy Program, and proposes rescinding some $47 million in SEP funds from the Bipartisan Infrastructure Law. How does the administration reconcile the need for States to do this important energy work while also eliminating funds that enable it?

Secretary WRIGHT. Well, obviously, there's multiple ways to fund State energy offices, and the most logical way is by the State government. So whether there is a Federal Government role in funding State energy offices, I think it is pretty legitimate to say it shouldn't be funded by the Federal Government, it should be funded by the States.

Mr. TONKO. Well, that is——

Secretary WRIGHT. I met with a Governor yesterday, a Democratic Governor. So we cooperate with States, no matter what. Funding of State energy offices, that is probably better left to States.

Mr. TONKO. Well, you know, there is talk already about adding on the cost of Medicaid to States, providing—asking them to have skin in the game for nutrition assistance programs, having them enable EPA activities. The list goes on and on. And so this is piling up a lot on the States, and I don't know if it is realistic.

But putting aside 2026 funding, I have heard concerns about DOE staff reductions, particularly the Golden field office having lost one half of its workforce that are essentially stopping State energy program grant review processes. Many States are currently waiting for approval for their next allocation of previously appropriated funds. Can you give us some insights, sir, into what is going on in SCEP, and whether you are committed to getting previously appropriated funds allocated to States in a timely manner so that they can continue the type of work that we have previously discussed here?

Secretary WRIGHT. Well, I think the main funding out of SCEP is done on an annual basis, and those are usually, I think, delivered in July. And we are working towards that goal. And I think we will make that goal or be very close to it. So I don't think you will see a huge disruption there.

Mr. TONKO. I hope so.

And I know many Members and President Trump have expressed concerns about rising energy costs. DOE has a critical role in promoting energy affordability, especially through energy efficiency, which is often the most cost-effective option to lower utility bills.

In May, DOE claimed to be saving Americans $11 billion through the elimination or reduction of some 47 rules, including numerous energy efficiency standards. But according to DOE's own analysis, just 12 efficiency standards would save more than $54 billion, which is nearly 5 times as much in utility bill costs. Therefore, people would see their net costs increase by some $43 billion. In addition to this being another major blow to energy affordability, this action would be illegal.

Secretary Wright, the law forbids weakening energy efficiency standards once they are finalized. Are you aware of that provision?

Secretary WRIGHT. I am sorry, Representative. Repeat the last sentence.

Mr. TONKO. Yes, the law forbids weakening energy efficiency standards once they are finalized.

Secretary WRIGHT. Well, I can assure you we are following the law——

Mr. TONKO. OK.

Secretary WRIGHT [continuing]. And very carefully reviewing these things, but we think that consumers should choose the tradeoffs they want to make, and not the Government. Making people buy more expensive——

Mr. TONKO. Right.

Secretary WRIGHT [continuing]. Less effective appliances——

Mr. TONKO. But back to those energy efficiency standards, I am citing section 342 of the Energy Policy and Conservation Act. And

in 2004 a Federal appeals court ruled that DOE could not weaken efficiency standards once they are finalized. So Secretary, are you aware of that ruling?

Secretary WRIGHT. I can assure you that the legal team at the Department of Energy that is heading up these efforts is aware of these laws and being very careful to comply with the laws while at the same time restoring choice and freedom to American people.

Mr. TONKO. Right. This attack on energy efficiency standards is not only harmful to Americans, but I believe it is illegal. So Mr. Secretary, I hope you reconsider this action.

I request, Mr. Chair, unanimous consent to add to the record this policy analysis document from the Appliance Standards Awareness Project on the effects of the proposed rollbacks of efficiency standards on consumer energy costs.

Mr. LATTA. Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Mr. TONKO. I appreciate that.

Mr. LATTA. And——

Mr. TONKO. And with that, I thank you and yield back.

Mr. LATTA. And the gentleman's time has expired, and the Chair now recognizes the gentleman from Michigan's 10th district for 5 minutes for questions.

Mr. JAMES. Thank you, Mr. Chairman, and thank you, Secretary Wright, for being here and for the hard work that you and the Trump administration are doing to advance an America-first energy agenda. Republicans are advancing an all-of-the-above approach to ensure that we remain global energy leaders. And I like what you have said: all sources that actually work in reality.

Mr. Secretary, I am extremely encouraged by your agenda. I look forward to working with you and your team to ensure that we are prepared to meet the moment and continue to excel in global energy production. So I am just going to jump right to the questions because your time is very precious.

In 2024 NERC's long-term reliability assessments, they stated that the greatest threat to our power grid is our shift to intermittent resources and premature retirements of thermal generation. NERC's 2024 Long-Term Reliability Assessment also projected that the Mid-continent Independent System Operator, MISO, which covers my district in Michigan, will experience a 4.7 gigawatt shortfall by 2028 if current expected generator retirements occur.

In your discussions with MISO, have they discussed how any current State net-zero policies have contributed to current cost increases to consumers and expected power shortfalls in the future?

Secretary WRIGHT. Absolutely, Representative. Thank you for the question. And look, many people at DOE have been in dialogs with NERC and with MISO about these issues.

But I think you hit the nail on the head. Like, what do we want? We want to reshore manufacturing to Michigan. We want to bring data centers to Michigan. We need to grow the supply of affordable, reliable electricity in Michigan. And closing plants—the coal plant, for example—with 15 years left in its average lifetime, closed for political reasons—closed to show virtue signaling, you know, "we are going to move away from coal"—that is not in the best interest of Michigan ratepayers and Michigan citizens.

And—but yes, utilities get bullied and influenced by State politicians and national politicians that have political agendas around energy that are often not aligned with ratepayers and citizens in those districts.

Mr. JAMES. So premature closures in the past——

Secretary WRIGHT. Premature closures.

Mr. JAMES [continuing]. Have greatly increased the likelihood that ratepayers will pay a higher—thank you for that.

Secretary WRIGHT. Yes.

Mr. JAMES. I have heard back—you were mentioning the J.H. Campbell Coal Plant in southwest Michigan. Can you please walk me through the administration's reasoning for this order, the emergency order? Could you articulate the reasoning for that?

Secretary WRIGHT. Yes. And again, along the lines you just discussed, MISO, the system operator in which this plant exists in the Midwest, is the lowest reserve margin we have, meaning the greatest risk of blackout. And of course, it is the industrial heartland of the United States.

Mr. JAMES. And there was one recently.

Secretary WRIGHT. There was a blackout two days after we issued that order to keep that coal plant open.

Mr. JAMES. So when opponents were saying the White House claims—claims—that the intermittent nature of solar and wind generation will lead to energy shortages and fail to meet the surging electricity demand, 2 days after they said this, there was actual shortage.

Secretary WRIGHT. Correct.

Mr. JAMES. So it sounds like you reacted quickly, and you reacted at least on time to make it—not make it worse.

Last question. I am very concerned that, even though we are trying to keep as much power online as possible, that this is going to directly result in increased rates for people in the State of Michigan. I am sure you are aware that Consumers Energy filed a complaint with FERC against MISO, seeking compensation for keeping open the J.H. Campbell coal plant this summer.

I look forward to working with you and your team to make sure that reliability in our region is strengthened while not being financially punitive to our energy customers in Michigan. As MISO is a large organization where this power is dispatched, it is going to benefit the larger organization. And so therefore those costs should necessarily be spread out, as we all have to make sure that we are cooperating to make sure that we keep our power high and keeping our costs low.

Is there anything that I have missed that would more accurately reflect the administration and your actions specifically related to that coal plant?

Secretary WRIGHT. I think you are very well spoken, right on. And I share your interest for a reliable, affordable grid. That is what our citizens and our ratepayers want, and that is what we need to work towards.

I would also encourage you or thank you for your efforts on the Big Beautiful Bill. The reforms in there in energy policy will not only save Americans money by stopping the 30-year-long subsidies for intermittent energy sources, not only will the Federal Govern-

ment save money, but by putting—stopping the rapid increase in intermittent sources on grids, we will reduce stress on grids and reduce costs.

Mr. LATTA. And the——

Secretary WRIGHT. So thank you for your leadership in this area.

Mr. JAMES. I appreciate your support.

Mr. LATTA. The gentleman's time——

Mr. JAMES. Hopefully, we can make consumers whole.

Mr. LATTA [continuing]. Has expired.

Mr. JAMES. Thanks, bye bye.

Mr. LATTA. And——

Mr. JAMES. I yield.

Mr. LATTA. Thank you very much. The Chair now recognizes the gentlelady—oh, I am sorry, the gentleman from Texas's 33rd district for 5 minutes for questions.

Mr. VEASEY. Mr. Chairman, thank you very much.

Secretary Wright, thank you for being here today. Congratulations on your appointment. I know that we have had some, you know, good news in the oil patch and some interesting news in the oil patch, and I wanted to just ask you a few questions particularly around everything that is happening nationally.

Your fiscal year 2026 budget proposal guts proven bipartisan energy programs, some of which directly support our domestic workforce and ensures American energy dominance.

And here is what is not in your budget that I wanted to talk with you about: a plan to deal with the consequences of mass deportations in the Permian Basin.

As you know, the Permian accounts for nearly 50 percent of the oil production. That is around 6 million barrels a day. And that production doesn't rely just on rigs and engineers, it depends on a workforce. And many of those dangerous jobs in the oil patch—as you know, because you have been in the oil patch—you know that many of those dangerous jobs are performed by people in this country that are undocumented. And so if ICE were to hit Midland or if they were to hit Odessa, I don't think there is any plan in your budget to replace those workers or that lost production.

In Odessa, studies show that undocumented workers make up about 13 percent of the workforce. That is one of the key hubs for Permian operations. And I have seen other anecdotes where oil field service companies in Midland have only about 5 or 10 percent of their employees with genuine papers.

And so, as you know, those aren't soft-skill jobs. Those are people that are out in the heat, people that risk injuries to their hands and to their, you know, their limbs. And they are having that hot Texas heat. I am sure you have been out there in the summer. As someone from Fort Worth, I have been out there in the summer, and I can—and I think we all know that it is hot.

Where in your budget—and this is a question that I have for you—where in your budget do you account for the impact of potential mass deportations on oil production in the Permian Basin? Because if Stephen Miller wants 3,000 people a day deported, which has been deported—reported that he does, what are you going to do to replace those workers?

Secretary WRIGHT. A great question, Representative. And yes, you are correct. I have worked for years out there, employing thousands of people in that region, and a large number of them are relatively recent immigrants from Mexico and from further south of the border, tremendous, hard-working, awesome workers.

But certainly in my company, all of them are here legally, they are not illegal immigrants. I am sure there are some, but I would suspect the percent that are illegal is quite small.

Mr. VEASEY. Yes.

Secretary WRIGHT. You gave a number of 13 percent. That may be one small community. I—

Mr. VEASEY. Did you use third-party companies for—to hire employees, where they weren't hired directly by you but they were brought in by a third party that had their papers and had their Social Security numbers already ready, or did you hire all of those people?

Secretary WRIGHT. We hired all of those people. We have an——

Mr. VEASEY. And you used the E-Verify system to—OK.

Secretary WRIGHT. Correct.

Mr. VEASEY. So let me ask you a question. If ICE were to show up to Midland today and do a large-scale deportation, and it were to get a little bit rowdy, would you support the President calling in the National Guard to Midland, Texas, or west Texas like he has in Los Angeles?

Secretary WRIGHT. Look, in due respect to all the great immigrant workers that are—that work in that region and work across our country, you need to respect the difference between those that came here legally and those that are here illegally.

Mr. VEASEY. What about the people that are going to have their TPS status revoked? A lot of them probably work in the oil patch. I mean, you hear the stories. And you can go down to the oil patch and see it. For anybody that hadn't been down to Texas on the Democratic side or the Republican side, they can go down to the oil patch and see for themselves.

What about the people—the TPS people that are going to have their status revoked? That could be very disruptive to the oil patch.

Secretary WRIGHT. Yes, the workforce in America is critical, and a lot of the workforce in the United States are immigrants from overseas, and they are awesome contributors to our society. I think the line is just between who is here legally and who is here illegally.

Mr. VEASEY. Let me ask you another question. Is it easier to drill, baby, drill with no employees? Or is it easier to drill, baby, drill having to go around, let's say, EPA regulations?

Secretary WRIGHT. Wait. The first, having to——

Mr. VEASEY. Is it easier if—is it easier to drill for oil with no employees, or is it easier to drill for oil having to work around a few EPA regulations?

I would think it would be harder to drill for oil without any employees.

Secretary WRIGHT. You definitely need employees to drill for oil, absolutely.

Mr. VEASEY. Yes, OK, thank you.

Thank you, Mr. Chairman, I yield back.

Mr. LATTA. Thank you very much. The gentleman's time has expired, and the Chair now recognizes the gentleman from Texas's 12th district for 5 minutes for questions.

Oh, I am sorry, I didn't see the gentleman from Colorado—or Oregon in front of me, but the gentleman from Oregon is recognized for 5 minutes. I am sorry.

Mr. BENTZ. Thank you, Mr. Chair.

Mr. Secretary, thank you for being here. So I am from Oregon, and the Columbia River runs across the north side of it. And of course, we have all these dams that generate—I think the nameplate is around 36,000 megawatts, and the continuous about 16,000 megawatts. So it is hugely—obviously, hugely important.

It happens that the Biden administration entered into a nonbinding MOU with Tribal and—breach of certain of those dams for using—or ratepayer dollars to ostensibly create solar and other intermittent sources to offset the reduction in generating capacity that would occur when the four lower Snake River dams were breached.

I obviously oppose that. I held a hearing up in Washington State as chair of the Water Subcommittee on Natural Resources. We had 400 people show up that were adamantly opposed to dam breaching, and we went through all of the obvious justifications for keeping those dams.

I believe the MOU is still in place, and I am hoping that the Department will put an end to it and say, "Look, we are not going to spend money in replacing, ostensibly, the power generated by these dams with solar or otherwise."

Can you—have you been brought current on this situation?

Secretary WRIGHT. Absolutely, Representative. We are working that issue and have been working that issue for several weeks now.

I agree with you entirely that those are great projects that were built decades ago in our country, and generations have benefited from that hydropower, which you can ramp it up when we need more power and you can ramp it down when we don't need it. That is highly valuable power. And you can never replace something like that with wind or solar, because you don't know when they are going to be there and when they are not there. They are totally different things.

Like, we don't have a bag to store electricity in. The critical criterion of an electricity grid is that it meet demand at peak time.

Mr. BENTZ. And that function as a gigantic storage device that—and those sets of dams up and down the Columbia River and the Snake Rivers is hugely important to intermittent power, is it not?

Secretary WRIGHT. It is hugely important to our grid, absolutely. They can reduce the damage of intermittent power sources, but even without intermittent power sources you need to be able to have higher electricity at times of peak demand and less electricity at times where demand is low, and hydropower allows you to do that. They are tremendous resources.

Mr. BENTZ. There is no doubt that we are engaged in an existential battle when it comes to artificial intelligence. And there has been a number of server farms owned by many moving into the Northwest. I think they are going to be a huge part of us ultimately winning that race.

But there seems to be a disconnect when it comes to the absolute need for additional electrical generation. I see that we have basically a flat production curve—flat—and China has one that is shooting straight up. What is your plan? What is the Department's plan to do—to catch up, if you will?

Secretary WRIGHT. We need to pivot the direction we have been on in this country.

You know, again, during the last 4 years we spent tens of billions of dollars to do two things: to subsidize the installation of intermittent sources—peak demand in PJM, where we are right now, inauguration night at 4:00 a.m., wind was 2 percent of electricity, solar was 0. Together, between the two of them, 2 percent of peak demand. That is when it matters. If you are not there at peak demand, you are just a parasite on the grid because you just make the other sources turn up and down as you come and go.

So we are trying to reduce the barriers to investment in reliable, dispatchable sources such as hydropower. And we are doing everything I can together with this Congress through the Big Beautiful Bill to reduce the subsidies that put intermittent, unreliable sources on our grid. We pay people to put stuff on our grid that ultimately makes our grid more expensive. If you subsidize something, it better be cheaper or subsidize something and getting a more expensive product at the end.

Mr. BENTZ. And could you——

Secretary WRIGHT. That is a big loss.

Mr. BENTZ. And could you also—it certainly is.

Can you also address the fact that, with intermittent power, you have to have a backup? Thus you double the cost, triple the cost because you can't just rely upon wind when the wind doesn't blow. So you have got to have that backup. So that is driving up the cost of that particular source of power, is it not?

Secretary WRIGHT. Well, correct. And we are raising—we are inadvertently making all these other energy sources have to back them up. If you build a natural gas power plant, for example, and then the sun shines and you have got to turn it down, and then the sun goes behind a cloud and you have got to turn it up, that is a much less efficient way to run a power plant.

Our electricity markets have rewarded low-value electricity, and we have subsidized to put more of it on. Germany and Denmark and England have shown where this leads: deindustrialization.

Mr. BENTZ. It certainly does. Thank you so much.

I yield back.

Mr. LATTA. Thank you very much. The gentleman's time has expired, and yields back. The Chair now recognizes the gentlelady from Washington's 8th district for 5 minutes for questions.

Ms. SCHRIER. Thank you, Mr. Chairman.

Before I even start, as I listen to the bashing of intermittent sources of energy it occurs to me that we could resolve all of those issues if we got sensible permitting reform done. And there is a bipartisan bill that I would love to see us work on together to do just that.

Thank you for being here today, Secretary Wright. Like many of my colleagues, I am very concerned about the staffing cuts that have taken place under your leadership. It seems to me that the

rollout of these cuts, especially in Washington State, has not been strategic or tactical. They have been indiscriminate and arbitrary, and are often followed by an "Oops." And you know better than anyone that Department of Energy employees are some of the most educated, nimble, strategic Federal workers, and really have irreplaceable expertise.

So it doesn't look good, and it doesn't bode well for your reputation to kneecap such an important agency at a time when energy needs are skyrocketing and we are facing a climate crisis and need to decrease emissions.

So I would like to highlight the issues at the Bonneville Power Administration. I only have 5 minutes. You know what Bonneville does: It is a balancing authority that keeps the lights on in the Northwest, keeps electricity flowing. We have got engineers and operators who manage the grid 24/7 and the linemen who go out in the worst weather and repair that grid. And every single person there is necessary. They also do this at zero cost to taxpayers. This is all ratepayer-funded. And so to take a DOGE to that and fire people makes no sense for any explanation you might give.

So my first question is, I just want to know, were you aware that Bonneville was already encountering a workforce shortage before this year's staffing reductions?

Secretary WRIGHT. Yes, I was aware of that.

Ms. SCHRIER. So if you were aware of that, and you were aware of the fact that it would not save taxpayer dollars, I—why did you do this? Why did you offer early retirements and then do it again and fire probationary employees, only to then realize—but you already knew that we needed those employees. Like, what was your thinking there?

Secretary WRIGHT. First of all, for clarification, the headcount at Bonneville Power Administration—which is a fantastic agency, I met with them last week, and we are discussing exactly how to address their long-term problem of people—they were well understaffed at the start of this administration. Their headcount is not meaningfully different today from what it what it was when I arrived. And in fact, what I am working with them on right now is how we can grow the number of linemen at Bonneville Power to assure safer—safe delivery of reliable power there.

Ms. SCHRIER. So I also talk with Administrator Hairston on a regular basis. And, of course, one of the things they were talking about was raising salaries to compete with the private market. And the other is, of course, you know—I think you were just lucky that you can do this "oops," people take the retirement, and then they actually choose to come back. We could have been in a much different situation, and private energy companies were pursuing these very skilled workers.

I just want to know: Can I have a commitment from you that you will freeze—that you will lift the hiring freeze, make sure we hire more, and work with Administrator Hairston to make sure that Bonneville is fully staffed?

Secretary WRIGHT. Absolutely, we are working with the administration right there. I do think we need to hire some linemen at Bonneville Power Administration, and I will work to get that done.

Ms. SCHRIER. Just to be clear: We need linemen, we also need the next generation of engineers who will balance this. And so I really need a commitment that it will be linemen and others who will build and hold the expertise that we really depend on to keep the lights on at Bonneville.

Secretary WRIGHT. Absolutely, we will work with Bonneville on that to navigate through these times and keep that agency staffed and delivering high-quality service. It is important.

Ms. SCHRIER. Thank you. I only have 37 seconds left, so I am going to mostly make a point here.

You were just talking with Congressman Bentz about hydropower and the benefits of being able to turn it up or down to meet demand. It turns out that even better than turning on and off turbines is to actually use excess energy to make hydrogen, because that is one of our energy sources in the future, and we need all of the above as energy needs are skyrocketing.

And so I would just like to emphasize that the uncertainty about grants and tax credits for hydrogen hubs around the country—and particularly my passion would be green hydrogen—is really imperiling the ability to put more energy sources on the grid and is putting a thumb on the scale for oil and gas. And I would object, as one of the hydrogen hubs, to that.

Thank you, and I will yield back.

Mr. LATTA. The gentlelady's time has expired, and the Chair now recognizes the gentleman from Texas's 12th district for 5 minutes for questions.

Mr. GOLDMAN. Thank you, Mr. Chairman, very much.

Mr. Secretary, thank you very much for being here today. Very interesting hearing.

I agree with Mr. Veasey that the men and women out in west Texas are a very important part not only to the people of Texas, people of the United States, but people around the world in supplying energy. And I want to stay in west Texas, but not go that far—west Texas, and talk about Abilene.

Abilene Christian University has one of the two permits from the NRC to build the next-generation reactor. The DOE committed in 2019 to provide the fuel and salt for the project, as it does for every existing university research reactor. Will the DOE support this advanced nuclear project by honoring that commitment?

Secretary WRIGHT. Yes, that is our intention. And the Department is working with Abilene right now to figure out the—you know, it is a different type of fuel in a molten salt reactor design, how to accommodate that request. But I am quite proud and impressed by the work going on at the university, and we certainly want to support it.

Mr. GOLDMAN. Can you give us some sort of, in your mind, a timeline for when we see where they are now to where they will be in 5 to 10 years, perhaps?

Secretary WRIGHT. A timeline on where——

Mr. GOLDMAN. Of where that reactor will be. Will it be online? Will it be working? Will it be—I mean, are they testing from now until a decade from now?

Where—in a perfect world, where would you like to see them in 5 years or 10 years?

Secretary WRIGHT. Oh, in a perfect world—in a reasonable, regulatory regime, which is a huge part of our agenda—absolutely, that should be selling electricity 5 years from now, and I sure hope it is.

Mr. GOLDMAN. Me too. Mr. Veasey there talked about the workforce. So one of the potential roadblocks to building in nuclear energy is the workforce. How will the DOE budget request increase support for universities and technical and community colleges to train the next generation of nuclear scientists and skilled workers to be able to support the goal of the nuclear build-out?

Secretary WRIGHT. Yes, that is a key thing. You know, we have had—as I say, nuclear hasn't been sexy for a few generations because we haven't done much with it. And we—it is—when I speak and go around, I want to get young people excited again and wanting to go into this industry. But the only way that will happen is if things are happening. If we are building reactors and they are selling power and businesses are growing, that is going to draw people into the industry.

And for us, for research funding and our efforts in the commercial space, if we can focus our dollars on things that make the American energy system better and that consumers want to buy, those are the businesses that will grow, that are not going to be blowing with the wind of government subsidies. We need sustainable industries that can grow because customers want to buy their products. That is what will bring people into that industry, and I—and that is what we need to have happen with nuclear.

We need—once we can build some reactors and get some efficiencies and drive costs down, I think this industry can really take off.

Mr. GOLDMAN. And one of my colleagues across the aisle earlier was bragging about the Texas grid, and that—the wind and the solar especially, but those are subsidized, correct?

Secretary WRIGHT. They are.

Mr. GOLDMAN. And so—and our other entities on the grid, nuclear, natural gas, coal are not subsidized, is that correct?

Secretary WRIGHT. That is correct.

Mr. GOLDMAN. OK. So——

Secretary WRIGHT. In fact, they are penalized.

Mr. GOLDMAN. Right, thank you. So——

Secretary WRIGHT. Forced to turn on and off all the time.

Mr. GOLDMAN. Right. So to that point, we obviously need more power in Texas. There is no doubt about that.

What is your thought of how Texas goes about to create more power? Well, the power needs in the future for us.

Secretary WRIGHT. Well, one of the houses in Texas—I am not sure if it was the House or the Senate—passed a bill. I do not believe it——

Mr. GOLDMAN. It was the House. Well, it has passed them both, but yes—but go ahead.

Secretary WRIGHT. Passed them both. And I think that that is a very—electricity is complicated. And again, as I was discussing before—because you got to balance supply and demand at all times. But I think that Texas proposal that, if you are going to bid into

the electricity market and be treated like everybody else, you have got to be able to provide 24/7 power.

I always say to people, would you pay the same amount of money for an Uber that you didn't know when it was going to pick you up or where it was going to drop you off? That is just not the same product. We need to have people bidding into a marketplace that are both delivering the same product, which is 24/7 electricity, because that is the only thing customers will buy.

Mr. GOLDMAN. Perfect. Thank you very much. Thanks for your time.

Mr. Chairman, I yield the rest of my time.

Secretary WRIGHT. Thank you.

Mr. LATTA. Well, thank you very much. The gentleman yields back. The Chair now recognizes the gentlelady from Texas's 7th district for 5 minutes for questions.

Mrs. FLETCHER. Thank you, Chairman Latta. A lot of Texans in here today. Obviously, this is very important to our to our State and our constituents.

And so I thank you, Secretary Wright. I think this has been an important and useful hearing for all of us. And I have made a lot of notes and a lot of questions on a lot of things this morning. I hope we can get to all of them. I kind of think we can't, but let me start as I planned, which is letting you know, Mr. Secretary, that I represent Houston, the energy capital of the world, which is home to 11 percent of United States' energy jobs, and there are more than 4,700 energy-related firms, and where I understand you have many friends, Mr. Secretary.

Secretary WRIGHT. The energy capital of the world. I agree with you 100 percent.

Mrs. FLETCHER. It sure is, and my colleagues here are tired of hearing me say it, but it is important. And the issues that we are talking about today are really important to my constituents. And the number-one thing I am hearing from them, as well as from people in the business across the country, is the need to know the rules and regulations and the requirements, to be able to trust that long-term projects can move forward and that they can get the approvals they need.

And certainly, I agree with my colleagues who have said we have got to tackle permitting reform in this committee, in this Congress, and have good, bipartisan, durable permitting reform. That is a huge issue. They need permitting certainty. They need investment certainty. They need to be able to plan, as you well know from your experience. And before making these multibillion-dollar investments that Americans across the country are going to rely on, they need to be able to rely on the process itself.

And so I agree that the process can and should be and must be improved. But what we are seeing right now is really a destruction of the process across the board, a destruction of the legislative process, a destruction of the administrative process. And it is causing chaos that is going to continue for years to come.

And so, in response to a question from Mr. Latta earlier this morning, you said the administration is focused on bringing in private capital and that that is an important part of your work. But this environment is not conducive to investment for private capital.

And we are seeing the rescission of government capital that has been greenlighted in the past to move some of these projects forward.

And they are not crazy ideas, and they are not firms you have never heard of. The announcements that my colleagues have already talked about from the demonstration programs have been cut. In my area there are grants to ExxonMobil and other household names that are doing this important research.

And so I think that this environment isn't conducive to that investment is the overwhelming and resounding message that is coming from my district. So I really want to share that with you, because I think working outside the legislative process isn't going to help solve some of the problems that are most on their minds. And so I think it is really important.

And one of the first notes I made when you were talking earlier this morning is that America doesn't back down from big challenges, right? I wrote that down too. To tackle big challenges we need big ideas, and that is where DOE comes in. That is where we are able to do the research at the labs and to do things to really scale some of these ideas. And we have seen it.

I know a couple years ago we spent a lot of time talking about carbon capture. Certainly, we know that that has been something that industries used, you know, for decades and decades doing EOR and other things, and that has great, promising ability to help us address the emissions challenges that we have. And yet, you know, we need to use the resources that we have at DOE to try to address some of these challenges. And so I hope that we won't see your budget cut some of the important and innovative research.

And I do have a specific question on research coming from the budget that I want to ask you, but it ties into something else you said earlier today. You mentioned the impact of Winter Storm Uri in Texas in 2021, and we really can't understate what a tragedy that was. I lived through it in my home in Houston, but not that far away from where I live a little boy froze to death in his bed when the heat went off. That is what we are talking about when we talk about the importance of these issues.

And from your testimony, it seems to me like you might not know that FERC found that 87 percent of the unplanned generation outages were because of fuel issues related to natural gas, not renewables. So I just want to make sure you know that I am happy to share that with your team. And I don't want to confuse you. I am the cochair of the Natural Gas Caucus here. I fully believe in the importance of that. But these issues are life-and-death issues for our constituents.

And so I want to note that your budget for fiscal year 2026 includes a 50 percent cut to the National—Natural Gas Infrastructure and Hydrogen Technologies program within the Office of Fossil Energy. And I want to know if that includes weatherization research and development. And because I have spent the whole 5 minutes talking, I am going to have to ask you to reply for the record with the answer of what those cuts are.

But this weatherization technology across the spectrum is just critically important, and so——

Mr. LATTA. And the gentlelady's time has expired.

Mrs. FLETCHER [continuing]. I hope you can answer that for me. Thank you so much, Chairman Latta. I yield back.

Mr. LATTA. The Chair now recognizes the gentlelady from North Dakota for 5 minutes for questions.

Mrs. FEDORCHAK. Well, good afternoon now, I think officially, Secretary Wright. So great to see you here. I still remember meeting with you in Bismarck, North Dakota, a couple of years ago and your very inspiring comments there. So great to have you out here in this role, and I really very much appreciate your work to both provide the right signals to the markets, to make sure that we are incentivizing things correctly, and to make sure that we are really trying to let the energy industry develop on its own without putting our fingers too heavily on the levers ourselves.

So thank you, and I want to support you in those efforts.

I want to talk a little bit about the reliability issues. Given that NERC's assessment today is that two-thirds of our systems in the U.S. don't have enough power to meet demand given certain circumstances today, and we are looking at retiring 115 gigawatts of baseload generation, and we are seeing significant demand increases—all of that looks like a huge train wreck to me and to many others.

So today I introduced a bill. It is called the Baseload Reliability Act, and it will give DOE, FERC tools—and the grid operators—tools to help slow down the retirements, at least in time for new baseload or dispatchable resources to be brought on that is kind of equal in nature in how it responds to the grid. So I want to invite your look at that and your support in that.

And one of the things that we need to do and be doing is actively tracking where those planned retirements are and how they might impact the grid. And I just wanted to ask, is that something that your office is already doing and working on?

Secretary WRIGHT. It is, Representative, and thank you for not just your comments and question here, but for your leadership. You have been an outspoken person in what I used to call or call energy sobriety, just being thoughtful.

Look, there's no clean energy sources, there's no dirty energy sources. They just all have different trade-offs.

Mrs. FEDORCHAK. Right.

Secretary WRIGHT. But you—but we produce energy for one reason, which is to better people's lives. So having a reliable grid that is as affordable as possible and that can grow so we can bring industry and more job opportunities to our States and communities is just critical for doing that.

And so, yes, it is a thing we are doing right now because we now are seeing significant demand growth signals. People want to build data centers. I have met with every one of the hyperscalers and a whole bunch of people that want to bring industrial factories and plants back to the United States. I think it is awesome. It is awesome for our country. It is awesome for blue collar workers. It is something I really want to see happen.

But that is their biggest worry. "Hey, if we come here, how am I going to navigate through FERC or whatever to be able to build a power plant? How am I going to know I have reliable, affordable power going—it is going to take me, you know, $10 billion to build

my plant. It is going to run for 40 years. I want to know what the—how I can get confidence in the energy thoughtfulness of the United States on that price."

And so, when people want, you know, tens of gigawatts of more power and we are shutting down facilities with decades left on their lifetime, that doesn't look so thoughtful. So, yes, we have a team in our Office of Electricity that is looking at grid reserve margins across the different areas of the country. And we are looking at planned retirements, and then we are going to try to proactively engage with all of them of why is this asset retiring? Does it make sense? Is there a better plan here? And if it is retiring, what is going to replace it that is equally dispatchable and firm-reliable and won't add to the cost of the grid or increase—either increase the cost or reduce the reliability of the grid.

Mrs. FEDORCHAK. Good. My bill would make what you are doing into law and basically require it so that, before anybody could retire a unit in one of the regions that have an elevated reliability risk, they would have to prove that it is being replaced in advance by equally reliable power. And then, if it isn't, then it would give you and FERC tools to require that they run, and some financial support to help cover those costs so it doesn't fall on the ratepayers.

And I view this as being a—you know, this might be a 5-year thing. This might not be forever. But right now we are behind. So let's stop retiring. Let's make sure we are bringing new resources on as quickly as possible. And I stand with my colleagues across the aisle to work on permitting reform to bring things up as quickly as possible. But meanwhile, we need to keep what we have. That should not be a partisan statement.

Thank you for——

Secretary WRIGHT. I——

Mrs. FEDORCHAK. Thank you for your leadership there.

Oh my goodness, I am already out of time.

Mr. LATTA. The gentlelady's time has——

Mrs. FEDORCHAK. I look forward to working with you.

Mr. LATTA [continuing]. Expired, and yields back. The Chair now recognizes the gentlelady from New York's 14th district for 5 minutes for questions.

Ms. OCASIO-CORTEZ. Thank you so much, Mr. Chairman. Before I dive into my questions, I just wanted to clarify some of the exchanges that happened recently.

First and foremost, there was a kind of an insinuation that after confirming that solar and renewable energies receive public subsidy, there was a little bit in the exchange that folks may have insinuated or taken from it that fossil fuels do not receive public subsidy.

That is not what you are saying, right? Correct, Mr. Secretary?

Secretary WRIGHT. Oh, nowhere near of the same magnitude. And it is very—there is controversy about how to count them. I would say no meaningful subsidies today for oil and gas in the United States.

Ms. OCASIO-CORTEZ. OK. I think you are right in that there is a disagreement in that, because I think what most people consider a subsidy is public use, public resources going to an industry or

corporation. And in 2022 alone we are looking at 10 to 52 billion dollars in direct subsidies, anywhere between—again, depending on how you count it—1.5 to 7 trillion dollars globally in the fossil fuel industry receiving subsidy, in addition to tax breaks, in addition to also public lands.

I was the chair of the Energy and Mineral—ranking member of—the chair—Energy Mineral Resources Subcommittee on Natural Resources. And the public lands alone that we had leased for pennies on the dollar for oil companies to drill on, I think those would be considered subsidies, but there may be a difference of opinion there.

Additionally, the other thing that I wanted to clear up as well is this exchange previously on the immigrant workforce for many of the oil fields and the industry. You stated that there is a difference between "illegal immigration" and legal immigration, but what is your stance on the ending of legal status for immigrants in the United States who are here documented?

Secretary WRIGHT. The devil is in the details, so I don't know enough about the issue you are raising to give a comment. I am very passionate about immigration and all that——

Ms. OCASIO-CORTEZ. OK, yes.

Secretary WRIGHT [continuing]. But I am not sure exactly the question you are asking.

Ms. OCASIO-CORTEZ. So there are hundreds of thousands of legally documented immigrants here, many that work in the energy sector that, you know, are here under different kinds of authorizations, one being temporary protected status that Mr. Veasey had raised. And the administration is ending this status that provides a path to work permits, legal work permits for huge sectors of the workforce in the United States. Are you supportive of ending these work authorizations?

Secretary WRIGHT. Again, I am not actively working on immigration——

Ms. OCASIO-CORTEZ. OK.

Secretary WRIGHT [continuing]. Policy and all that. I don't think I have a thoughtful——

Ms. OCASIO-CORTEZ. Understood.

Secretary WRIGHT [continuing]. Response to that.

Ms. OCASIO-CORTEZ. Understood. I will get back to my question line.

In a February interview with Bloomberg, when asked what oil prices you are targeting as Secretary, you stated, "Lower is better." And I take it you stand by that statement, correct?

Secretary WRIGHT. Yes. In general, lower is better because there's far more consumers than producers.

Ms. OCASIO-CORTEZ. And even if that means oil company stock prices falling?

Secretary WRIGHT. I don't think American consumers should worry about the stock prices of oil and gas companies.

Ms. OCASIO-CORTEZ. Great.

Secretary WRIGHT. You do need a healthy sector to actually produce, but that is what a market mechanism does.

Ms. OCASIO-CORTEZ. Right.

Secretary WRIGHT. It is—the cure for high prices is high prices, and the cure for low prices is low prices.

Ms. OCASIO-CORTEZ. And I think we are in agreement there.

Given your statement on aiming for lower oil prices, what are your stances on the President's tariffs that are increasing costs of production?

Secretary WRIGHT. There's lots of impacts, and there's lots of things that impact the cost of production. Most of what the President is doing is going to meaningfully lower the cost of production. But his agenda to try to reshore heavy industry manufacturing in the United States, I think it is good for the country in the long run.

Ms. OCASIO-CORTEZ. Thank you. I would like to reclaim my time.

You know, there are several—there is an industrywide consensus here. There has also been a survey in March of oil and gas companies by the Dallas Fed, which were littered about complaints around uncertainty. Companies in this survey commented on the rising costs for materials like steel, which was subject to a 25 percent tariff at the time and is now subject to a 50 percent tariff as of June 4. Steel is, obviously, a very important input in oil and gas production and energy production writ large.

Mr. Chair, I would like to seek unanimous consent to enter these complaints into the record.

And Secretary—

Mr. LATTA. Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Ms. OCASIO-CORTEZ. Thank you.

Secretary Wright, how does the President's tariffs plan and policy, particularly around steel, align with lowering costs for reducing uncertainty?

Mr. LATTA. Well, if I could interject, the lady's time has expired. If you could answer that in writing, it would be appreciated.

Ms. OCASIO-CORTEZ. Thank you.

Secretary WRIGHT. I will do that.

Or we can talk another time.

Ms. OCASIO-CORTEZ. Great.

Mr. LATTA. Thank you. The lady's time has expired, and the Chair now recognizes the gentleman from South Carolina's 7th district for 5 minutes for questions.

Mr. FRY. Thank you, Mr. Chairman and Secretary Wright. Thank you for your testimony today, for joining us.

I represent the 7th district of South Carolina. It was one of the fastest-growing regions in the country. From the beaches in Myrtle Beach to the industry hubs of Florence, we are seeing a surge in population, in investment. And of course, with that, Mr. Secretary, comes energy demand.

Our economy is being transformed by advanced manufacturing, high-tech data centers, and a world-class digital infrastructure. And thankfully, South Carolina is leading by example. Over half of our electricity is generated by nuclear energy, which is clean, reliable, stable, is resilient. We are home to facilities like the Robinson plant in the district, which represents enormous potential for large-scale nuclear reactor development. We have a skilled workforce—South Carolina always has in this industry—and we have institutional expertise.

What we need now, I think, and what we have had problems with in the past under prior administrations is we need a Federal partnership to match that ambition. I think we have heard on the Oversight Committee last year the delays with the DOE under Secretary Granholm, about how the problems that they were facing—and that they at least were envisioning ways that they could cut through the red tape and make sure that we could plug in nuclear power in an affordable way in this country.

As you are aware, South Carolina is a leader in that national—or the nuclear energy, certainly with the Robinson plant and several others. What specific actions would you like the committee to consider, whether it is new legislative authority or regulatory streamlining, to ensure that the Loan Programs Office can fully support this next wave of nuclear development and deliver results for communities like mine in South Carolina?

Secretary WRIGHT. Yes, great, great question.

The nuclear power industry has been hampered by, you know, a growing regulatory burden. I have used this example before, but if you brought Grand Central Station, the train station in midtown Manhattan, you know, to the NRC, it could not be permitted as a nuclear power plant because its radioactivity is too high. That is just naturally occurring radioactivity in the granite in the building.

So they use a thing called linear no-threshold. High-threshold radiation we know is very hazardous to human health, and then they extrapolate how hazardous, and they extrapolate that all the way down to zero to say that the tiniest amount of radiation, you know, is harmful. And so the thresholds below which you have to get are very hard to achieve and very expensive.

I lived in Colorado before I got my new job. There is a lot of extra radiation just living at high altitude, flying in an airplane. So to me, what we need is just reasonable regulation. Everybody wants to protect the environment and human health. My gosh, you know, we are a——

Mr. FRY. But specifically about the Loan Programs Office, how can that be synthesized? What can we examine with that from a congressional standpoint to make sure that that advancement occurs?

Secretary WRIGHT. Sorry about that. On that, so we have put in a request. You know, we are concerned right now. We spend over $1.30 for every dollar we collect in taxes, so everything is very skinny right now. But we put in a $750 million credit subsidy request. If that got raised up and increased my lending authority for—to support nuclear projects, unquestionably that would be helpful.

The first nuclear plants that will be built won't be cheap, because the industry hasn't built much for 30 years, Vogtle aside. But we haven't built much for 30 years. And I can assure you it will be used responsibly behind credit-worthy equity investors. I think it a helpful tool to get——

Mr. FRY. Something like a VC Summer in Jenkinsville, South Carolina, potentially?

Secretary WRIGHT. Yes.

Mr. FRY. That would be like a prime example of that?

Secretary WRIGHT. Certainly. Absolutely. So I think—I am a believer that energy sources with time should stand on their own. But if you see an emerging thing like nuclear reemerging or geothermal just emerging, I think a Loan Programs Office for a finite time period there can be helpful to launch those emerging sources.

Mr. FRY. Thank you for that, Secretary. And looking ahead, how do you envision the Department supporting utilities and developers, investors trying to build out grid infrastructure that can handle the next generation of nuclear and data center load, particularly in rural areas? I think that is a big concern probably on both sides of the aisle, is a recognition that we need these things in rural communities.

Secretary WRIGHT. Yes, and I did—we have heard permitting reform on both sides of the aisle. It is very important. We need to be able to build things in this country again, which is transmission lines or even just reconnecting transmission lines. We need to be able to build that infrastructure and——

Mr. LATTA. And if I could——

Secretary WRIGHT [continuing]. Connect plants where they are.

Mr. LATTA [continuing]. Interject, the gentleman's time has expired. But if you would like to also answer that in written form, that would be great.

And the Chair now recognizes the gentleman from Massachusetts' 4th district for 5 minutes for questions.

Mr. AUCHINCLOSS. Thank you, Mr. Chair.

Secretary, welcome. I appreciate your testimony today. You have spoken a lot about the power of markets to deliver energy dominance for the United States. I agree. I believe in markets. I think they work well, and they are the key for us to control our own energy destiny as a country.

Would you agree that one of the roles of government in making markets work better is to establish technology-neutral policy with clear, consistent, predictable regulation?

Secretary WRIGHT. Yes. Clear, consistent regulation is very helpful for industry.

Mr. AUCHINCLOSS. And technology neutral?

Secretary WRIGHT. That—it depends what you mean by that word.

Mr. AUCHINCLOSS. Well, the reason I ask is I represent Massachusetts, which had a number of projects in the works for offshore wind. And I understand a lot of my colleagues don't think offshore wind is going to work. I understand some investors don't think offshore wind is going to work.

Shouldn't markets be able to decide that for themselves? Like, if they are able to put steel in the water and deliver power reliably, why should the Federal Government cancel that?

Secretary WRIGHT. I think it is a—I understand where you are coming from, Representative. It is a complicated question. And——

Mr. AUCHINCLOSS. Do you agree with what Secretary Burgum has done, where he has functionally issued a moratorium against offshore wind, including for States and developers that are willing to take on the risk and see if it can deliver?

Secretary WRIGHT. The question is who is willing to take on the risk. The history of offshore wind, first in Europe and here, has

been a train wreck. It has been higher electricity prices and less stable grids.

Mr. AUCHINCLOSS. Right. And State governments and private developers are well able to see the same track record that you are able to see. They are proposing to innovate and develop and take risks just like geothermal or nuclear. And I am not a technology expert for clean energy. I don't know if it is going to work. What I do know is I don't understand why one bureaucrat in Washington, DC, should be able to say yes or no, especially when you are pointing out, rightfully, that investors are not going to want to put billions of dollars down on the table over a decadal time span if a new administration comes in and rips up the contracts, right?

I mean, does this send a good signal to investors that they can put hundreds of millions of dollars down and it gets thrown out overnight?

Secretary WRIGHT. It is a challenging issue of what the right thing to do with wind power. There is also a lot of public outrage just because the footprint, the physical footprint and the footprint of waters, is large. And so there is a growing movement of——

Mr. AUCHINCLOSS. Let's be candid.

Secretary WRIGHT [continuing]. Rural people——

Mr. AUCHINCLOSS. The outrage is because there were offshore wind farms off the coast of Scotland and the President's golf course. That is why he is mad about it. And people who want to invest in new, clean energy sources should not have to worry about whether the next president does or does not like turbines off his golf course.

Let's talk about another issue, an issue where we may see more eye to eye, which is geothermal and nuclear. Strong supporter of both. I think they are critical. And you have already talked about the Loan Programs Office's really vital role in potentially both of them.

I was interested to hear the gentleman from South Carolina concerned about the LPO, because he voted, along with all the other Republicans in the reconciliation bill, to rescind nearly all of the LPO's unobligated credit subsidy.

Would you encourage the Senate and the House to restore the LPO's credit ability to issue loans as part of this reconciliation package?

Secretary WRIGHT. I would.

Mr. AUCHINCLOSS. Great.

Secretary WRIGHT. I think we have to be cautious and judicious with funds. And the Loan Programs Office, as I described, has a recent pretty poor track record. So I understand the reticence. But yes, I do think it is a helpful tool.

Mr. AUCHINCLOSS. Can you talk about the types of technology in nuclear and geothermal that you are most excited about? I am going to give you a minute here, because I know this is an area that you are excited about. Small modular? Are you are talking about large reactors?

And then geothermal, what are you seeing with the superhot rock geothermal like the microwave technology. Do you have any opinions on where are the most promising avenues of innovation?

Secretary WRIGHT. Well, I think you mentioned several of them.

So yes, to me, energy should be about humans and math. So it is where the math works. So right now, using dry rock and sort of depth of shale wells, you know, 6 to 12,000 feet deep, that I think is rapidly becoming commercially viable to inject water, produce it out the other end, produce electricity.

Mr. AUCHINCLOSS. What about the millimeter technology, like from companies out of the plasma lab at MIT that are trying to go 7 to 10 miles deep?

Secretary WRIGHT. Super exciting. So that is earlier stage. But yes, should we support research like that? A hundred percent. Could that be a big deal? Absolutely, it could be a big deal.

Mr. AUCHINCLOSS. Just to be clear: Those kind of technologies would rely on both the LPO and the tax credits that this reconciliation bill is threatening. I mean, we do need—for markets to bring innovation to bear across long-time cycles and a lot of uncertainty, you do need public dollars and regulation to derisk private capital, yes?

Secretary WRIGHT. I have advocated in this legislation right now to have nuclear, geothermal, and fusion as three emerging sources to get tax credit treatment, you know, maybe through an end date. Like if you are under construction by 2031——

Mr. AUCHINCLOSS. And I appreciate that.

Secretary WRIGHT. It has to have an end date, but I am with you.

Mr. AUCHINCLOSS. I understand it.

Mr. LATTA. The gentleman's time——

Mr. AUCHINCLOSS. And you and I both know the reconciliation bill does not do that right now.

Mr. LATTA [continuing]. Has expired, and——

Mr. AUCHINCLOSS. I yield back.

Mr. LATTA [continuing]. Yields back, thank you very much. The Chair now recognizes the gentleman from Alabama's 6th district for 5 minutes for questions.

Mr. PALMER. Thank you, Mr. Chairman.

Mr. Secretary, I want to talk with you about a couple of other issues that really impact energy, and that is our access to critical minerals and rare earth elements, and the ability to process and refine those. I think that it is very clear now it is not only a threat to our economy, but to our national security.

Can you address the power needs that we are going to have if we are able to ensure the processing and refineries for rare earth elements?

Secretary WRIGHT. Yes, Representative. I think you have raised a key point.

Look, China has made a multidecade strategic decision to own the supply chain for rare earth elements and the magnets that are constructed from them, and they are in an amazing amount of devices across our economy and across the developed world's economies. And we are vulnerable right now. We should be able to do that in the United States, and it is a case where I think we need to figure out how to make that happen.

I will be next month at a mine in Wyoming. That will be the first rare earth element mine opened in this country in 70 years. But a mine is not enough.

Mr. PALMER. Right.

Secretary WRIGHT. We need that processing and refining done in this country, and it is an urgent effort to assure a better domestic supply of critical minerals that are important to our economy and our national security.

Mr. PALMER. There is basically two types of rare earth elements. You have got the heavy elements that require even more refining technology, and it is a very power-demand industry. In order to meet that, we are obviously going to have to build out our generation capabilities. You and I have had this discussion before about how we have shuttered almost 300 coal or hydrocarbon power generation facilities. The transmission lines are still there.

One of the things that I am looking at, and I would like for you to comment on it, is looking particularly in some of the more remote areas using small modular reactors—which my Democratic colleagues, I think, are on board with—to match the generation capacity of the SMRs to the capacity of the transmission lines, but also look at those as possible sites for a processing or refining facility. Any thoughts about that?

Secretary WRIGHT. I think it is a great idea, as well. You are right. These refining facilities, just like data centers, are energy intensive, and they are only going to be here if they have affordable, reliable energy. And small modular reactors and different nuclear technologies are fantastic candidates to do just that.

Mr. PALMER. Well, the other thing about it, too, is that when you create this additional demand for power, it is—you start pricing out residential and other business and commercial. And we want to do this in a way that it doesn't raise prices. So we have got to be really smart, really strategic about building out our power generation so that we not only can address what I think is clearly an economic and national security issue in our reliance on China for refined critical minerals and rare earth elements, but also at the same time not do harm to the economy, not do harm to middle-class Americans.

So, again, you and I have kind of talked about this a little bit. You take an all-of-the-above approach, but to do this we cannot do it with renewables. You have got to have a reliable baseload. And when you have the—on the same power generation facility residential, commercial, and then these heavy industries, you have got to have a consistent baseload that is also able to meet these peak demands. Is that accurate?

Secretary WRIGHT. That is accurate. I agree very much, Representative.

And I think you make another critical point, not just that we need to keep the cost down but to keep Americans on side with the reindustrialization of this country. If they see factories and data centers come, and all they are—paying their bills becomes more expensive, they are not going to support what we are doing. But if it brings jobs and economic opportunity and doesn't drive up the price of electricity, we start an American renaissance of manufacturing.

Mr. PALMER. I have only been here 10 years in Congress, but I have worked for 2 international engineering companies, I ran a think tank for almost 25 years, so I have kind of followed people

who fill your position as Secretary of Energy. And I have never in my experience experienced someone like you and your whole philosophy. And I would like for you to comment on that.

You put out this publication on bettering human lives, and your whole perspective about energy policy is focused on bettering human lives. Could you just comment on that?

And after he finishes, I will yield back, Mr. Chairman.

Secretary WRIGHT. Yes, I say only two things matter with energy: humans and math.

Mr. LATTA. Ten seconds, thank you.

Secretary WRIGHT. Right? We only produce energy for one reason: to make our lives better. It shouldn't be political. We shouldn't give it stupid names like "clean" or "renewable" or "dirty." These are just marketing terms. We should be serious about energy because we want to better human lives.

Mr. PALMER. Thank you for the job you are doing.

I yield back.

Mr. LATTA. Well, thank you. The gentleman yields back, and the Chair now recognizes the gentleman from California's 15th district for 5 minutes for questions.

Mr. MULLIN. Thank you, Mr. Chair, and thank you, Mr. Secretary, for being here today.

Last August, President Trump promised to cut energy prices in half within a year, but it looks like he is going to fall far short of that goal. According to the latest forecast by your agency, national electricity rates are going to increase this year by 5 percent, which would outpace predicted inflation. Now we are faced with a proposed budget that will raise the prices of electricity and natural gas for everyday Americans.

The Senate is considering a reconciliation bill that would kill clean energy tax credits that were created in the Bush administration. By definition, this will make energy more expensive. Some Senate Republicans acknowledge these changes would "translate into immediate utility bill increases, placing additional strain on hard-working Americans." Multiple studies have shown this would increase energy bills by as much as $400 a year for an average household.

So, Mr. Secretary, please tell me: What is your agency's plan to protect consumers from increases on their energy bills?

Secretary WRIGHT. We need to do everything we can to unleash more energy production in the United States and reduce regulatory burdens. I think we have accomplished a lot in 120 days, but the energy system is large and complicated. And can you turn this ship on a dime in 120 days? No. But I think this administration and the President's actions have done a lot to change the trajectory on the energy prices going forward. Most energy prices, actually, that consumers see actually are lower today than they were a year ago, and they are lower today than they were at inauguration.

Your comment that by getting rid of subsidies by definition will make energy more expensive in this rare case is actually untrue. The subsidies on wind and solar, which have cost the Government over $100 billion, have actually led to not only that cost, they have made electricity bills more expensive. So they are the worst sub-

sidies in that they actually make the product more expensive at the end.

Mr. MULLIN. We will disagree with that assertion, sir. Amidst rising costs, your agency, along with Health and Human Services, has proposed to completely eliminate programs that help families with their bills. Specifically, I am referring to the Weatherization Assistance Program, which lowers costs for consumers, and the Low-Income Home Energy Assistance Program, known as LIHEAP. I am sure you are familiar with that. It helps households afford their utility bills.

Seven million Americans rely on these programs, helping families not to have to choose between putting food on the table and paying their electricity bill. Last year in my district, over 1,600 households used LIHEAP or Weatherization Assistance Programs, all of which—almost all of which—were elderly, disabled, or those with young children. So please tell me why you want to eliminate those programs.

Secretary WRIGHT. I am very passionate, like you are, Representative, about energy costs. I want to do everything in our power to lower the cost of energy for low-income families, which is number one, which is why the policies over the last 4 years and broadly over the last 20 years that have made it harder to produce energy in this country and have forced onto our grid intermittent, unreliable sources that necessarily make the grid more expensive to operate—I have said they have not only been economic wrong, I view them as immoral.

In your State of California, you had similar electricity prices to California 15 years ago. Today they are twice, and you have the highest adjusted poverty rate in the Nation in the State of California. And the core of that is making electricity expensive, and pushing jobs out of the State, and impoverishing low-income people.

I am with you. We should go the opposite direction, not that direction.

Mr. MULLIN. During your Senate confirmation hearing just 4 months ago, you stated, "I have studied and followed the data and the evolution of climate change for at least 20 years now. It is a global issue. It is a real issue. It is a challenging issue. And the solution to climate change is to evolve our energy system." I couldn't agree more, Mr. Secretary.

So despite that clear assertion, your proposed budget request rolls back billions from innovation initiatives and from clean energy programs, the very efforts that are central to evolving our energy system—including those with California leadership, by the way, thank you for that.

Do you believe your energy agency has a role in cutting emissions and protecting Americans from the impacts of climate change?

Secretary WRIGHT. The way to cut emissions, as I said then and as I say now, is to move to new energy technologies, natural gas displacing coal as the largest source of electricity in the United States. Coal is still by far the biggest globally, but gas is second and growing fast. Nuclear is the reliable, dispatchable energy

source we have that has—there is no such thing as zero, but has lower greenhouse gas emissions. Geothermal is another one.

But again, to try to follow the model of California or Germany or England, if you make electricity expensive you just impoverish people, and industry just leaves that State. It is not part of fighting climate change, it is just part of impoverishing people and relocating industry to lower-cost energy places. That is not the path for climate change, in my opinion.

Mr. LATTA. And the gentleman's time has expired, and yields back, and the Chair now recognizes the gentleman from Colorado's 8th district for 5 minutes for questions.

Mr. EVANS. Thank you, Mr. Chairman, Ranking Member, and, of course, thank you, Secretary Wright. So good to see a fellow Coloradan here, not the least of which being—I am going to try to squeeze in four questions, so I don't have to lay out for you the situation in Colorado. So straight to the first question.

We know that in the part of the State that I represent we have got a lot of oil and gas workers drilling. Can you talk about how the Department, your Department, can work with that existing workforce to increase projects that are happening around geothermal and that baseload generation from geothermal power?

Secretary WRIGHT. Yes, and great to see you, Congressman Evans. I appreciate your service.

Yes, the next-generation geothermal that is coming along right now, we used to call it hot dry rock. Now they call it enhanced geothermal systems. It uses oil and gas technology, uses shale well technology to drill into dry rocks that don't have any hydrocarbons in them but are just hot, and inject once—you know, drill and frack wells, inject water into it, flow it through the rock, and produce them out of other wells.

So it is very much the same kind of training and work base as people working in oil and gas in Colorado. In fact, the same companies are—not only could, but they are interested in developing that next-generation geothermal resources.

Colorado has these resources in place. There is a 400-megawatt project under development in neighboring Utah. But can that also happen in Colorado? Absolutely. And if that activity starts to go, is there a workforce that is excited and willing to go into that? Absolutely. Will a number of those come from the oil and gas industry? I am sure they will.

Mr. EVANS. Great. Great to hear that. Next question. You know, unfortunately, we know that there is an epidemic of premature retiring baseload-generating stations. Colorado alone accounts for 10 percent of the baseload power in the Nation that is forecast to come offline this year. And so, while we know we need to reverse that trend, we also know that there are certain bottlenecks and regulatory barriers to being able to get the dispatchable baseload power that we need.

So for the present moment, can you speak to the importance of variable power—wind and solar—coupled with battery to meet the energy demands of the present moment?

Secretary WRIGHT. Yes. So, look, solar has made tremendous technical progress, you know, in the last 10 years, and I think continues to do it. So if—for example, if you are an island energy grid

and you are getting your power from diesel, and you could supplement that with solar, you can burn less diesel, you can drive down your electricity costs, in domestic United States, where we can pull from all different energy sources.

Solar has applications in some areas and below a certain penetration level. But until you can get multiple days of energy stored, it is going to be a supplemental energy source.

But in summertime, where peak demand is near the end of the day, if you have solar panels there and you have a few hours of battery storage, you can move that late-afternoon electricity into the peak demand time before people go to bed. So it can play a role, and without subsidies you will get wiser decisions about where does it make sense and where does it not make sense.

So nothing in what I have said to get rid of these subsidies says get rid of the technology. Solar is going to be around, it is going to be around for the long run. And I think it continues to grow. But even in an optimistic scenario, it doesn't likely ever get to 10 percent of global energy. Not just electricity, it is just one slice of energy. But I think solar has a future, and any technology with a future can survive and should survive without subsidies. You know, 25 years maybe is enough.

Mr. EVANS. Thank you. And then, let's see, we got 1 minute and 4 seconds left.

So the United States hasn't tested a new reactor design in close to 50 years, nuclear reactor design. President Trump recently expressed a desire to see a test by July 4, 2026. What can Congress do to provide you and the Department with the resources needed to expedite the testing of a reactor for commercial use by 2026?

Secretary WRIGHT. Yes, so our goal there is at the Idaho National Laboratory—which is our sort of commercial nuclear lab in Idaho—they have got a lot of land there and a tremendous amount of just fantastic scientists, so—and there are commercial businesses that have new reactor designs coming up. We want to get them into our test containment vessel and run them.

So I think what—building nuclear as more of a bipartisan issue in this Congress has been helpful. Look, to really unleash nuclear going forward, the NRC has got to become more efficient and more sensible in regulations. We have got to get—if you approved your reactor design and it is a small modular reactor, you are going to build the same reactor. You can't have to start from new every time. We just got to evaluate the new site location.

So commonsense permitting reform at NRC is helpful, and that is certainly under the jurisdiction of this Congress. But we are working it at the administration level, as well. I have got some optimism there, Representative Evans. But yes, it is going to take us all working together.

Mr. LATTA. And the gentleman's time has expired and yields back, and the chair now recognizes the gentleman from California's 25th district for 5 minutes for questions.

Mr. RUIZ. Thank you, Mr. Chairman.

Secretary Wright, it is nice to meet you. I represent California's 25th district. It is the southeast corner of California, an area with one of the Nation's most promising opportunities for battery manufacturing and critical mineral development. It also produces the

most renewable energy on Federal land than any district in the United States. So we have an abundance of solar power, wind, and geothermal energy.

And I know you are here to discuss the budget, but to highlight what this budget means for my district and for our Nation's energy future and security, I need to tell you about the real impacts of these budgets for the people in my district and our Nation's potential, because it determines whether their families can breathe clean air, whether young people find good jobs at home, and whether rural and low-income communities are included in this energy future or left behind.

You see, critical minerals like lithium, cobalt, nickel, and rare earth elements power our phones, cars, and electric grids, yet we are far too dependent on foreign adversaries, especially China, for their supply and processing, and including for batteries. This dependance isn't just an economic vulnerability, it is a national security threat that demands a bold domestic solution. And that solution, Mr. Secretary, is right here in Lithium Valley, domestically located in Imperial County within my district.

We sit on the world's fifth-largest lithium deposit accessible through a closed-loop system while we produce geothermal energy because it is carbon free, and it basically takes the geothermal brine and extracts the lithium out of there, and all these other critical minerals as well.

We have so much lithium that I want to put it into perspective. The lithium reserves in Lithium Valley alone can supply enough battery-grade lithium to power over 3 million electric vehicles, significantly reducing our dependance on foreign supply chain while driving domestic manufacturing and good jobs. And I know some people are averse to electric vehicles, but we have enough lithium to produce the batteries that we are going to need for AI and the future industries and technology that we need.

But here is the challenge: Sometimes, you know, they are located in areas where we need more development. Imperial County is one of the most underserved and economically disadvantaged regions in the country. It is an area hungry for jobs, hungry for infrastructure and investments. There's been a lot of investments already to develop workforce development with local community colleges, a lot of investments to pave the roads and fix the bridges in order for us to anticipate the mass production of this lithium.

So I want to ask you, you know, how will the DOE help ensure that critical minerals funding reaches these rural and underresourced regions like Imperial County, and that companies in Lithium Valley have the tools, workforce, and certainty needed to grow and deliver on this national priority?

Secretary WRIGHT. Yes, I appreciate very much your comments and questions. And yes, affordable, reliable power should be for everyone, particularly—rural communities face great challenges in this area because you can't bring industrialization without affordable energy there.

I am quite excited about the opportunity with lithium in the brine and hot brines to get energy out of it, to get critical minerals out of it. I share your passion and excitement for that and would absolutely love to see a development go forward with that. That is

certainly one of the things that is—will be evaluated at the Department of Energy. But there's a lot of positive ingredients going on for what you have got going on in that community.

Mr. RUIZ. Well, I know that company Energy Source is currently negotiating one of the loans with the Department of Energy, and I encourage that process to come to completion so that we have the capacity of mass producing lithium within months, less than a year. And that is something that we really need.

I have sent you a couple letters, so—I am inviting you to the district. So I am going to take the opportunity here face to face, eye to eye, and ask you if you would commit to come into the district, see firsthand what the progress has been made in this arena. Your predecessor has done that, and I would love for you to come by. And you will see that there is a lot of bipartisan support for this development.

Secretary WRIGHT. I would love to as well. I think it is an exciting area of potential development, and I am interested to go with you to tour that. A schedule I can't commit to right now, but I will go out there with you.

Mr. RUIZ. Thank you.

Secretary WRIGHT. And I think it is worthwhile.

I should say one last thing about electric vehicles. I—or, I think, anyone in this administration—don't oppose electric vehicles. They are neat, and they are dominantly bought by wealthy people. We are just opposed to American taxpayers subsidizing wealthy people to buy electric vehicles. We are not against electric vehicles. And they are like solar. They are going to continue to grow too.

Mr. LATTA. If I could interject, the gentleman's time has expired, and the Chair recognizes the gentleman from New York's 23rd district for 5 minutes for questions.

Mr. LANGWORTHY. Thank you very much, Mr. Chairman.

Mr. Secretary, thank you for being here today and answering our questions.

As a Member from New York State, I have seen firsthand how States like mine with overly aggressive, rush-to-green policies worked hand in hand with the Biden-era Department of Energy to advance their radical agenda, jeopardizing affordability, reliability, and price for ordinary Americans in the process.

So looking at the Department's State energy offices, Mr. Secretary, what action is the Department taking or planning to take to reset the direction of the DOE's State energy office funding to ensure that it better supports affordability, reliability, and technological neutrality?

Secretary WRIGHT. Congressman, I will have to get back to you on that, on the State energy offices. I have not been—I have been directly involved with talking to numerous Governors about energy policy, but not directly through the State energy offices. I wish I was more informed on that.

Mr. LANGWORTHY. OK, great. And we will follow up with you on that.

And has DOE considered creating a funding category specifically for States seeking to expand dispatchable energy, modernize their grid baseload capacity, or preserve affordability rather than aggressively pursuing climate benchmarks?

Secretary WRIGHT. Well, our view on funding has not been so much State by State as project by project. But yes, as you said, projects that are going to deliver affordable energy and drive down energy costs and grow energy supplies, those are the kind of projects we are looking to support. And things on the other side that are ultimately going to make energy more expensive or less reliable, we are—you know, the math on them doesn't pencil out as well. So less of the money is going to go in that direction.

Mr. LANGWORTHY. Thank you, Mr. Secretary. I would like to end my time here focused on President Trump's Executive order signed April 8, titled, "Protecting American Energy from State Overreach." How is the Department interpreting this Executive order?

And has the Department taken any steps to identify State-level energy mandates or regulations that may be inconsistent with the Federal interest in energy affordability and reliability?

Secretary WRIGHT. We are looking at that, both through our legal team—and I should maybe not—I don't have too much to elaborate on that right there.

But in your State, your great State of New York, I should say, is an area I and others in our Department have focused on because it affects—the actions of New York have impacted not just New York and New Yorkers, but all of New England. So the two natural gas pipelines, the Constitution pipeline and the NESE pipeline, would have lowered the cost of electricity in New York State, lowered the cost of heating, home heating, in New York State, improved air quality by converting a lot of legacy-fuel-oil-burning heating systems in people's houses to natural gas, and brought more natural gas through your State into New England so they could also lower their electricity prices, their home heating costs, and their ability to build industry.

So to your point, it is sort of a poster child of State actions that hurt the residents of your own State and of neighboring States. And to go that—take that one step further, the tremendous Marcellus Shale that has changed not just U.S. but world energy circumstances, it goes under the State of New York as well. Western and central New York—

Mr. LANGWORTHY. I represent the Marcellus Shale in my district. And, you know, they have truly stolen a generational opportunity that could have transformed our economy, could have lowered our home heating costs, and provided plentiful natural gas throughout the northeastern States. And as one of the only northeastern members on this committee, I think this is an important platform to have that conversation.

And I really appreciate you bringing that up because, you know, we have a war on natural gas, unfortunately, in New York and many other New England, you know, area States. And it is taking our economies in the wrong direction.

Secretary WRIGHT. I think your leadership here is so important. You represent that district. And to give—you said a war on natural gas in your State. Well, what is New York's biggest source of electricity by far and away? Natural gas.

Mr. LANGWORTHY. Gas.

Secretary WRIGHT. And they passed a law saying you can't heat your home with natural gas, you have to heat it with electricity,

which means instead of burning 1 unit of gas, you have got to burn 2½ units of gas at the power plant and then transport it via transmission lines and make home heating 3 times as expensive and burn twice as much gas to do it. That is not a war on natural gas, which is what New York relies on. That is just a war on common sense and a war on your citizens.

Mr. LANGWORTHY. Common sense is missing in the State of New York. I would love to work with you on finding a plan and finding any Federal interest where we can try to repower our shuttered coal power plants in the western end of our State into, you know, clean natural gas plants, and put some real power on the grid, instead of taking power off at all times.

So I really thank you for being with us, Secretary.

Secretary WRIGHT. I look forward to working with you, Congressman.

Mr. LANGWORTHY. All right, and I yield back, Mr. Chairman.

Mr. LATTA. Thank you. The gentleman's time has expired, and yields back. The Chair now recognizes the gentleman from Louisiana's 2nd district for 5 minutes for questions.

Mr. CARTER OF LOUISIANA. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for being here. I represent Louisiana, which has served as America's gas station for the past century, drilling, refining, and shipping oil and gas worldwide.

Just like our innovation, it is traditional energy resources—has become an economic boon for America. Investments and other forms of energy could transform Louisiana's economy. We must do so, and I think you will agree—because you have said comments to this effect—that we should do it in a way that we protect communities, that we recognize our number-one commodity are healthy communities, healthy people, making sure that they have access to clean water and clean air. So I appreciate your agreeing in that regard.

Louisiana has the existing infrastructure and skilled energy workforce to be a leader in the 21st century energy. Our expertise can be leveraged to develop emerging energy sectors like offshore wind and hydrogen. Port Fourchon, our deepwater port in coastal Lafourche Parish, is ideal for building, deploying, and maintaining offshore wind projects. Additionally, abundant natural resources and pipeline access across Louisiana can support large-scale hydrogen production and distribution.

However, the Trump administration's actions has halted new offshore wind leases and permitted—permitting and approvals for existing projects. These decisions have cast uncertainty over hundreds of megawatts of planned offshore wind capacity. Meanwhile, according to a recent Bloomberg report, the current vision of the Republican reconciliation bill will severely limit the amount of renewable energy capacity the U.S. adds over the next decade, when solar and storage capacity would drop by 10 percent by 2035. The impact of wind power would be most severe, with new capacity shrinking by 35 percent and no offshore wind additions in 2028.

Secretary Wright, in your confirmation hearings you committed to an all-of-the-above energy strategy—and I applaud that—to include both conventional forms of energy as well as renewable en-

ergy. But you have appeared before the House Committee last month and said, "I have never been for all of the above myself."

So which is it, sir? Can we count on you to be for all of the above?

We know that this is important. We know what we have to do as Americans. We cannot do the same old thing expecting a different result. Our world is changing. Our climate is changing. Wouldn't you agree that we have to do better than what we have done?

Secretary WRIGHT. Well, I have been about improvement and innovation in energy my whole life. As a 17-year-old kid I went to college to work on fusion energy. I worked on solar energy in graduate school and geothermal right after. I only got to oil and gas a little bit later.

So Congressman, I appreciate your passion on these issues, but I have never been for all of the above. And if I said it at one point in time, I misspoke. I have always been—tried to always be very careful in my words, that energy is too important to mean everything, just do it all. My thing about energy——

Mr. CARTER OF LOUISIANA. Are you against solar?

Secretary WRIGHT. What?

Mr. CARTER OF LOUISIANA. Are you against wind? Are you against wind?

Secretary WRIGHT. I am against energy sources that make the energy system more expensive or less reliable. Solar has applications in many different energy systems around the world. Heck, there is probably even a few places where wind itself would be a positive for an energy system.

Mr. CARTER OF LOUISIANA. So these arev—these are all the above. These are——

Secretary WRIGHT. In——

Mr. CARTER OF LOUISIANA. We are talking about—and we may have to do them in size and scale, but I think you will agree that we can't afford to leave meaningful opportunities on the table if we want to maximize healthy outcomes for communities while making sure that we remain a robust energy producer.

Secretary WRIGHT. You come from a great energy-producing State, and I share your passion for more energy. But mostly what we have done with the subsidies through the Federal Government for wind and solar has mostly been negative. We have incentivized rich people and rich companies to build energy things that have——

Mr. CARTER OF LOUISIANA. I don't want to cut you off, sir, because there is so much that we have to say. I just want to——

Secretary WRIGHT. All right, you go.

Mr. CARTER OF LOUISIANA [continuing]. Get a few things in real quickly.

The State of Louisiana Hubs for Energy Resilience Operation Hero Project won a $250 million Federal award. There are programs like this that are so important for our communities. Projects for Together New Orleans, these communities will serve the residents for cooling-off places. Their grants have been suspended. Can I get you to commit to at least revisiting them with me to see if there is a way to revive them and bring them in the mainstream?

These programs matter to the people in my district, and they are ones that have been tested, they have gone through the appropriation process in a bipartisan way and survived.

Secretary WRIGHT. Let's look into that together. I am not sure exactly what you are referring to, but let's look into that.

Mr. CARTER OF LOUISIANA. And Mr. Chairman, if I could have 10 seconds, I will just say—

Mr. LATTA. Well, the gentleman's time has expired. Votes are going to be called in 10 minutes, and we have—

Mr. CARTER OF LOUISIANA. I just want to correct one record on Louisiana blackouts.

Mr. LATTA. But if you could submit that——

Mr. CARTER OF LOUISIANA. I will submit it in writing.

There were some comments that were made about blackouts in Louisiana. I just want to correct the record——

Mr. LATTA. Thank you.

Mr. CARTER OF LOUISIANA [continuing]. That they may not have been told—

Mr. LATTA. The gentleman's time has expired.

Mr. CARTER OF LOUISIANA. Thank you, Mr. Chairman.

Mr. LATTA [continuing]. And the Chair now recognizes the gentleman from Pennsylvania, the vice chair of the full committee, for 5 minutes for questions.

Mr. JOYCE. Thank you, Mr. Chairman, and thank you, Secretary Wright, for appearing here today.

Right now the United States is in the pole position when it comes to advancing artificial intelligence. But just as in any race, competitors, and specifically China, is right behind us. By the end of the decade, the data centers necessary for this AI could consume almost 10 percent of all electricity in the United States.

In Pennsylvania we have that necessary natural gas that you just mentioned to meet the increased demand and beat China in the AI race. If America wants to remain in the lead, it will require an all-of-government approach to follow through on President Trump's Executive orders and restore American energy dominance.

Secretary Wright, your Department—you know this—will play a critical role in this work. One of the challenges that you will have to navigate is to balance between new energy demand for data centers and maintaining reliability for the electric grid. Recently, the DOE issued an emergency section 202(c) order requiring the operation of two legacy generation units in the Commonwealth of Pennsylvania past their planned retirements, citing—dutifully noted, as well—concern with resource adequacy and reliability.

Federal policy from the Biden administration that disincentivizes the development of new, dispatchable energy generation made your actions ultimately necessary. Now, with the Trump administration and your leadership, we need to expedite these long-delayed reliability measures. How can the DOE collaborate with State governments and authorities to ensure timely development and connection of new baseload power so that the legacy systems can be taken offline as planned?

Secretary WRIGHT. Yes, that is a great question and comments, Congressman. And in fact, just last week I spent an hour or so with some developers trying to do a very large project in your State

that would take a legacy coal plant, convert it to natural gas, expand the size of it far beyond where it was, colocate data centers there, and that is exactly what we want to see happen in this country.

And as you said, winning the AI race isn't a nice to have, it is a have to have. This is a national security issue if China gets ahead of us in AI.

And so what we are trying to do is get lists—and it is not just the Energy Department, it is the Federal Government—we are trying to get lists of what are the roadblocks for you to get this permit or to do that, what are your problems? And let us dig into the Government and find out how we can address those issues.

But it is about permitting. It is about moving some of the regulatory morass out of the way. Ultimately, we are going to have to fix the Clean Power Plan 2.0 that requires this carbon sequestration, you know, 10 years out into the future. Like, that is just not going to happen. But if that law is in there, it is a huge disincentive to build new power infrastructure.

So there's many things that need to be done. But you are right. Pennsylvania, you know, tremendous legacy as a coal mining State. Now it has got the greatest natural gas field in the world under your State. I think with commonsense government, the future of Pennsylvania could be very, very bright.

Mr. JOYCE. Well, thank you. And I think that your ability to recognize that will allow those data centers to continue to be developed in previous—to your point—in previous settings that were coal-powered plants moving on.

Part of ensuring a reliable power grid is creating an inviting and predictable environment for new infrastructure investment. While it is imperative that we ensure Federal dollars are only being used for a worthwhile process, the review of many of the grants and loans made by the last administration was truly a lengthy one. Even projects that align with Trump's administration goals to unleash American energy can be left in an unsteady environment as the reviews continue to unfold. This dynamic can have a cooling effect on the desperately needed investment in generation, in infrastructure, and in innovation.

How can the DOE help provide more confidence to stakeholders who need to make time-sensitive investment decisions while working through the investigation of waste, fraud, and abuse?

Mr. LATTA. Mr. Secretary, if you could, do that in 25 seconds.

Secretary WRIGHT. Very fair question, Representative, and we are moving as fast as we can. We have got a process in place. We have a team in place. We are getting through, you know, maybe a dozen or more projects a week, maybe more than a dozen projects a week. And so, by the end of this summer or middle of this summer, we are going to have clarity on most of the big projects. I want to do it as fast as I can, but given that track record I got to do it responsibly. But I hear your concern, and let's stay in touch.

Mr. JOYCE. Thank you again for your leadership in this.

I yield back.

Mr. LATTA. Thank you. The gentleman yields back, and the Chair now recognizes the gentlelady from Michigan's 6th district for 5 minutes for questions.

Mrs. DINGELL. Thank you, Mr. Chairman.

And Mr. Secretary, welcome. We haven't had a chance to really meet. I am from Michigan, and I am a car girl. I care deeply about the domestic auto industry. It has been my whole life.

But since the Inflation Reduction Act was signed into law, Michigan has led the clean energy manufacturing boom. We have seen over $40 billion in the private investment and more than 25,000 new jobs created, with projections for up to 167,000 clean energy jobs over the next decade. And it is happening right now in retooled EV plants, battery factories, and in rural and underserved communities across my State.

But 6 months into this administration, we have already seen $14.2 billion in investments stalled or canceled in Michigan, jeopardizing over 2,600 jobs. This is troubling to me, but I—these spendings aren't—these investments aren't just about public spending. They have unlocked historic private capital.

Repealing the Clean Energy Tax Credits risks nearly $40 billion in Michigan investment alone. And meanwhile, China is watching, and they are more than willing and ready to seize the market share we are giving up. And I am glad to hear you say you like EVs, and I don't want to ban the internal combustion engine. I think we need both. I am seasoned, not old enough to remember the 1970s, when the Japanese beat us. We weren't ready with small cars when gasoline prices went up.

Well, here is a reality now: The global market wants EVs. That is a reality. And China is subsidizing the manufacturing of electric vehicles, they are manipulating their currency, they are using slave labor. And EVs have to be part of our product mix.

Is forfeiting this market share to the Chinese Communist Party a smart manufacturing strategy? Do we have data that says canceling these investments helps America's competitiveness? And have we looked at how many jobs this is going to cost us?

Secretary WRIGHT. So, Representative, I love your passion, and I want to see Michigan reindustrialize again. It has got such a proud, beautiful history, and I truly believe it has a proud, beautiful future, as well.

Mrs. DINGELL. We have to make—you and I got to work together to make sure we put the world on wheels, and we are going to keep the world on mobility. No other country can beat us.

Secretary WRIGHT. I love it, and I agree. I agree. You said a lot of things I agree with 100 percent.

Number one, EVs and internal combustion, we want them both. Consumers are going to decide. Electric vehicles are growing, and they are exciting, and they are going to keep growing, and that is awesome. And Americans should be the best builders of electric vehicles there are, period. And I want that wholeheartedly.

China, as you said, illegally subsidizes their marketplaces. They are doing it to try to undermine your State and your industry. There is no question they are doing that.

And the United States, I think a lot through tariffs, is going to stop these Chinese things that are not built in the same setting. You even mentioned slave labor. Literally, that is true.

Mrs. DINGELL. I know.

Secretary WRIGHT. So yes, we have got to reenergize, redrive, readvance American industry, and there's many ways to do that. I am in line with a lot of those, which is regulatory environment, bring capital—in fact, the trip we did to the Middle East, everyone thought we were over there talking about oil prices. We pretty much never talked about oil prices. We talked about, literally, the trillions of dollars that these countries are developing by developing their energy resources that they want to invest in the United States.

And what do they want to invest in? They want to invest in energy infrastructure in the United States and manufacturing and industrialization of the United States.

There is a ton of private capital that wants to come to our country and do the mission you just passionately went on about. So I will tell you, this administration and myself personally are probably way more aligned with you than you think we are.

Mrs. DINGELL. Well, we are out of time, and I know my chair is going to—we have 45 seconds. I want to invite you to come to Michigan. I want to work with you on EVs. We have to stop giving them a bad name, because we can't compete in the global marketplace if people don't know that we here in America are going to build those vehicles and outbuild China.

But they are competing with us. Communist China wants to destroy our auto industry, and you and I have to work together to make sure that doesn't happen.

Thank you, Mr. Chair, and I will yield back.

Mr. LATTA. The gentlelady yields back, and the Chair recognizes the ranking member, I believe, for a couple of documents be put into the record.

Ms. CASTOR. Yes. Thank you, Mr. Chairman. I would like to ask unanimous consent to submit to the record.

The first is an article from the New York Times from June 4. The Secretary said in general he supports—he thinks low prices are better. This is a great summary: Electricity prices are surging, the GOP mega-bill could push them higher. I recommend that to you.

And then——

Mr. LATTA. Without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Ms. CASTOR. And then the reference to Florida's low electricity rates, just—this is—I also recommend for your reading. This is—right now, just over the past couple of months, they have asked for the largest rate hike request in U.S. history up in the panhandle, and we continue to grapple with higher rates. So I will recommend that to you.

Mr. LATTA. And without objection, so ordered.

[The information appears at the conclusion of the hearing.]

Ms. CASTOR. And I thank the Secretary for his appearance here today.

I yield back.

Secretary WRIGHT. Thank you for those materials.

Mr. LATTA. And seeing no other Members wishing to be recognized to ask questions today, Mr. Secretary, we appreciate you appearing before us today.

Members have additional—may have additional questions for you. I will remind Members that they have 10 business days to submit additional questions for the record, and I ask that you be able to submit responses within 10 business days upon response—or receipt of those questions.

I ask unanimous consent to insert in the record the documents included on the staff hearing documents list.

And without objection, that is so ordered.

[The information appears at the conclusion of the hearing.]

And without objection, the subcommittee will stand adjourned.

[Whereupon, at 1:32 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

U.S. House Committee on Energy and Commerce
Subcommittee on Energy Hearing
"The Fiscal Year 2026 Department of Energy Budget"
Documents for the Record
June 10, 2025

1. A fact sheet from the American Council for an Energy-Efficient Economy entitled, "The Industrial Demonstrations Program is Essential for American Competitiveness," submitted by Rep. Castor.
2. A letter from 33 organizations in consumer products, manufacturing, real estate, and retail sectors in support of the ENERGY STAR program, addressed to Chairman Guthrie and Ranking Member Pallone, submitted by Rep. Castor.
3. A New York Times article entitled, "Coal and Gas Plants Were Closing. Then Trump Ordered Them to Keep Running," submitted by Rep. Pallone.
4. A Washington Post article entitled, "Trump is Forcing this Dirty, Costly Coal Plant to Stay Open," submitted by Rep. Pallone.
5. A letter from Henry Dargan McMaster, Governor of South Carolina, to Members of Congress, submitted by Rep. Pallone.
6. A letter from Mike Braun, Governor of Indiana, addressed to Chairman Guthrie, submitted by the Minority.
7. A fact sheet from the Appliance Standards Awareness Project entitled, "Proposed Rollbacks of Efficiency Standards Would Cost Consumers $43 Billion," submitted by Rep. Tonko.
8. A report from the Dallas Fed Energy Survey entitled, "Oil and Gas Activity Edges Higher; Uncertainty Rising, Costs Increase," submitted by Rep. Ocasio Cortez.
9. A May 5, 2025 letter to stockholders issued by Diamondback Energy, Inc., submitted by Rep. Ocasio-Cortez.
10. An article from the Tampa Bay Times entitled, "Florida Electric Bills Skyrockets Recently. Here's Why," submitted by Rep. Castor.
11. An article from the Tampa Bay Times entitled, "Florida Power & Light Seeks $9B rate hike with high shareholder profit," submitted by Rep. Castor.
12. An article from Food and Water Watch entitled, "Florida Power & Light Requests Largest Rate Increase in U.S. History," submitted by Rep. Castor.
13. An article from the New York Times entitled, "Get Ready for Another Energy Price Spike: High Electricity Bills," Submitted by Rep. Castor.

The Industrial Demonstrations Program is Essential for American Competitiveness

MARCH 2025

SUMMARY: The Industrial Demonstrations Program (IDP) supports **29 first-of-a-kind projects** that are accelerating the adoption of **new, more competitive technologies** in cement, iron & steel, aluminum, chemicals, and other sectors. Many U.S. plants are decades old and do not have the advanced processes necessary to compete with newer foreign facilities. The IDP is a key step to transform our industrial facilities, strengthen national security, and bring **over $14 billion in private investment** to communities in over 20 states.

Aging U.S. industrial facilities need to modernize to stay competitive

A major roadblock to the U.S. industrial sector's competitiveness is a reliance on older facilities that are based on decades-old technologies[1]. Too often, new industrial technologies are developed in our National Labs and universities but then considered too high-risk and expensive for incumbent industry to (1) invest in and (2) retrofit their facilities to deploy these technologies.[2] Instead, these technologies are sometimes adopted by overseas competitors, leaving the U.S. behind.[3]

The IDP will help bring innovative manufacturing technologies to the United States

The IDP provides $6 billion in federal funding to support U.S. industrial firms willing to be first-movers in eight industrial focus areas: aluminum; chemicals & refining; concrete & cement; food & beverage; glass; iron & steel; process heat; and pulp & paper (Table 1). The firms will provide $14 billion in private investment, making the federal share about 30%. These projects advance efficiency, reduce industrial pollution, and keep our domestic industrial facilities competitive with companies around the world given emerging regulations like the EU's emissions-based trade adjustment[4] and corporate preference for lower-emission products.

Foreign companies are investing in many of these technologies and often are ahead of the United States[5]—the IDP helps American firms compete. Critically, these selected industrial facilities won't exist in a vacuum. The materials these sites produce are part of a supply chain that builds our country's roads and bridges, buildings, electrical grid, cars, and other essentials of daily life.

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[1] The U.S. has some of the oldest steel facilities in the world. https://www.iea.org/data-and-statistics/charts/age-profile-of-global-production-capacity-for-the-steel-sector-blast-furnaces-and-dri-furnaces
[2] The so-called "Valley of Death" to bring technology to market. https://www.energy.gov/eere/buildings/technology-market
[3] For example, Europe's chemical sector is pursuing a variety of new technologies: https://cefic.org/low-carbon-projects-map/
[4] The EU's Carbon Border Adjustment Mechanism (CBAM) currently applies to cement, iron and steel, aluminum, fertilizers, electricity, and hydrogen. https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en
[5] For example, the E.U. has many electric process heat technologies installed across industrial subsectors: https://waermepumpe-izw.de/karte-europa

The American Council for an Energy-Efficient Economy (ACEEE), a nonprofit research organization, develops policies to reduce energy waste and combat climate change. Its independent analysis advances investments, programs, and behaviors that use energy more effectively and help build an equitable clean energy future.

Initially, companies proposed 411 projects to the IDP, representing $100 billion in private cost share.[6] The program's oversubscription indicates the challenges of deploying these new technologies, illustrating why the Department of Energy's industrial programs —like the IDP—are so important.

Table 1. Technologies currently under development through the IDP

Sector	Technology
Aluminum	Clean aluminum smelting, advanced scrap recycling, new and improved process efficiencies, zero-waste salt slag recycling
Chemicals & Refining	Carbon capture, utilization, and storage (CCUS), thermal batteries, chemical recycling, hydrogen-fired process heat, e-methanol production, alternative feedstocks
Concrete & Cement	Limestone calcined clay cement, biomass as fuel, carbon sequestration, electrochemical cement production, calcium silicate rocks, and alternative production methods
Food & Beverage	Industrial heat pumps, electric heaters and boilers, thermal batteries, new and improved process efficiencies
Glass	Hybrid electric furnaces, new and improved process efficiencies
Iron & Steel	Induction melting furnaces, first-of-its-kind iron ore briquette production, hydrogen-ready direct reduced iron (DRI) plants
Process Heat	Energy storage, heat-as-a-service, electric boilers
Pulp & Paper	Advanced separation membranes

[6] OCED, Industrial Demonstrations Program Update. https://netl.doe.gov/sites/default/files/netl-file/23CLD_Leong.pdf

The IDP brings jobs to American communities

The IDP awardees are spread across the country in 20 states, with a few still determining their final location. In total, the projects plan to provide thousands of well-paying jobs, help rebuild communities that were left behind by industrial offshoring in the past decades and position these updated facilities to operate for the decades to come.[7]

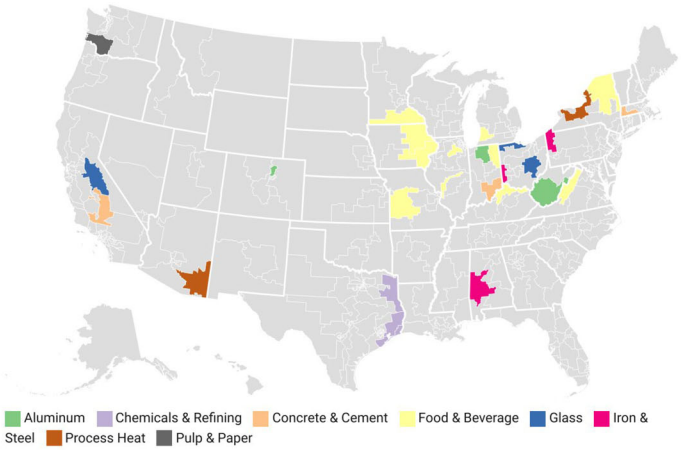


Figure 1. Congressional Districts hosting IDP projects. Awarded projects without an exact location are not included in this map. Of those projects, Dow, Orsted, Technip Energies, and Vale USA have all indicated that their projects will be located on the Gulf Coast. Century Aluminum and Brimstone have not yet indicated where their projects will be located.

For more information contact: Alexander Ratner (aratner@aceee.org) and Archie Fraser (afraser@aceee.org)

[7] As part of the award announcements, each project released a factsheet detailing expected job creation and community impact.

Appendix

Awarded IDP Project List

The listed award amounts are for the full federal award, which may be split in cases where the project takes place in multiple locations, as in the case of Kraft Heinz. In addition, the total capital investment of each project is significantly greater than the federal share. Over $14 billion in private sector investment is paired with the $6 billion in total federal funding. Project specifics, including location, could change as the program is implemented. Job creation estimates are those publicly shared in DOE-released project factsheets.

Location	Project	Sector	Awardee	Award (in millions)	Job Creation	Demonstration Technology
AL-07	Induction Melting Upgrade	Iron & Steel	AMERICAN Cast Iron Pipe Company	75	80–100 permanent	Induction heating
AL-07	Iron Electric Induction Conversion	Iron & Steel	United States Pipe and Foundry Company	75.5	220 construction, up-skilling 36	Induction heating
AZ-06	Vikrell Electric Boiler & Microgrid System	Process Heat	Kohler Co.	51.2	Not available	Electric boilers, microgrid
CA-05	Hybrid Electric Glass Furnace Project	Glass	Gallo Glass Company	75	Not available	Hybrid-electric furnace
CA-20	Lebec Net Zero Cement Plant Project	Concrete & Cement	National Cement Company of California, Inc.	500	20–25 permanent	Low-carbon cement, biomass, carbon sequestration
CO-08	Nexcast: Next Generation Aluminum Mini Mill	Aluminum	Golden Aluminum	22.3	Not available	Nexcast aluminum production
Gulf Coast	Novel CO2 Utilization for Electric Vehicle Battery Chemical Production	Chemicals & Refining	Dow	95	50 permanent, 600 construction	Carbon capture and utilization, batteries
Gulf Coast	Star e-Methanol	Chemicals & Refining	Orsted P2X US Holding LLC	100	50 permanent, 300 construction	Carbon capture and utilization, e-methanol
Gulf Coast	Sustainable Ethylene from CO2 Utilization with Renewable Energy	Chemicals & Refining	Technip Energies USA, Inc.	200	40 permanent, 200 construction	Carbon capture and utilization
Gulf Coast	Low-Emissions, Cold-Agglomerated Iron Ore Briquette Production	Iron & Steel	Vale USA	282.9	150 permanent, several hundred construction	First-of-its-kind iron ore briquette production

Location	Project	Sector	Awardee	Award (in millions)	Job Creation	Demonstration Technology
IA-01	Delicious Decarbonization Through Integrated Electrification and Energy Storage	Food & Beverage	Kraft Heinz	170.9	Not available	Heat pumps, electric heaters, and electric boilers
IA-02	Delicious Decarbonization Through Integrated Electrification and Energy Storage	Food & Beverage	Kraft Heinz	170.9	Not available	Heat pumps, electric heaters, and electric boilers
IL-13	Delicious Decarbonization Through Integrated Electrification and Energy Storage	Food & Beverage	Kraft Heinz	170.9	Not available	Heat pumps, electric heaters, and electric boilers
IL-14	Heat Batteries for Deep Decarbonization of the Beverage Industry	Food & Beverage	Diageo Americas Supply, Inc.	75	100 construction	Heat batteries, electric boilers
IN-02	Zero Waste Advanced Aluminum Recycling	Aluminum	Real Alloy Recycling	67.3	9 permanent, 100 construction	Zero-waste salt slag recycling facility
IN-03	Delicious Decarbonization Through Integrated Electrification and Energy Storage	Food & Beverage	Kraft Heinz	170.9	Not available	Heat pumps, electric heaters, and electric boilers
IN-09	Mitchell Cement Plant Decarbonization Project	Concrete & Cement	Heidelberg Materials US, Inc.	500	20–25 permanent, 1,000 construction	Carbon capture and sequestration
KY-04	Advanced Copper Recycling Facility	Aluminum	Wieland North America Recycling	270	130 permanent	Copper scrap metal processing
KY-04	Heat Batteries for Deep Decarbonization of the Beverage Industry	Food & Beverage	Diageo Americas Supply, Inc.	75	100 construction	Heat batteries, electric boilers
MA-01	First Commercial Electrochemical Cement Manufacturing	Concrete & Cement	Sublime Systems, Inc.	86.9	70–90 permanent	Electrochemical cement
MI-04	Delicious Decarbonization Through Integrated Electrification and Energy Storage	Food & Beverage	Kraft Heinz	170.9	Not available	Heat pumps, electric heaters, and electric boilers

Location	Project	Sector	Awardee	Award (in millions)	Job Creation	Demonstration Technology
MN-01	Delicious Decarbonization Through Integrated Electrification and Energy Storage	Food & Beverage	Kraft Heinz	170.9	Not available	Heat pumps, electric heaters, and electric boilers
MO-04	Delicious Decarbonization Through Integrated Electrification and Energy Storage	Food & Beverage	Kraft Heinz	170.9	Not available	Heat pumps, electric heaters, and electric boilers
NY-21	Delicious Decarbonization Through Integrated Electrification and Energy Storage	Food & Beverage	Kraft Heinz	170.9	Not available	Heat pumps, electric heaters, and electric boilers
NY-24	Steam-Generating Heat Pumps for Cross-Sector Deep Decarbonization	Process Heat	Skyven	145	Not available	Heat-as-a-service
OH-08	Hydrogen-Ready Direct Reduced Iron Plant and Electric Melting Furnace Installation	Iron & Steel	Cleveland-Cliffs Steel Corporation	500	170 permanent, 2,500 existing, 1,200 construction	Hydrogen direct reduction iron (DRI)
OH-09	Delicious Decarbonization Through Integrated Electrification and Energy Storage	Food & Beverage	Kraft Heinz	170.9	Not available	Heat pumps, electric heaters, and electric boilers
OH-09	Flexible Fuel Electric Hybrid Glass Furnace Demonstration	Glass	Libbey Glass	45.1	268 construction	Hybrid-electric furnace
OH-12	Glass Furnace Decarbonization Technology	Glass	O-I Glass, INC	56.6	250–300 construction	Advanced glass furnace
PA-16	Steel Slab Electrified Induction Reheat Furnace Upgrade	Iron & Steel	Cleveland-Cliffs Steel Corporation	75	1,000 existing at Butler Works, 160 existing at Zanesville, 200 construction	Induction heating
TX-01	Polyethylene Terephthalate Recycling Decarbonization Project	Chemicals & Refining	Eastman Chemical Company	375	200 permanent, 1,000 construction	Advanced recycling
TX-14	Syngas Production from Recycled Chemical Byproduct Streams	Chemicals & Refining	BASF Corporation	75	Not available	Advanced recycling

Location	Project	Sector	Awardee	Award (in millions)	Job Creation	Demonstration Technology
TX-36	Baytown Olefins Plant Carbon Reduction Project	Chemicals & Refining	ExxonMobil Corporation	331.9	300 construction, up-skilling 140	Hydrogen-fired heating
VA-06	Calcined Clay Production for Limestone Calcined Clay Cement	Concrete & Cement	Roanoke Cement Company, LLC	61.7	25 permanent, 115 construction	Limestone calcined clay cement
VA-06	Delicious Decarbonization Through Integrated Electrification and Energy Storage	Food & Beverage	Kraft Heinz	170.9	Not available	Heat pumps, electric heaters, and electric boilers
WA-03	Decarbonization of Black Liquor Concentration through Energy Efficient Membrane Separation	Pulp & Paper	Nippon Dynawave Packaging Co. LLC	46.6	Not available	Energy efficient membrane separation
WV-01	Low Carbon SmartMelt Furnace Conversion	Aluminum	Constellium	75	Not available	Zero carbon aluminum casting center
TBD	Green Aluminum Smelter	Aluminum	Century	500	1,000 permanent, 5,500 construction	Clean aluminum smelter
TBD	Deeply Decarbonized Cement	Concrete & Cement	Brimstone	189	100 permanent, 450 construction	Calcium silicate rocks and alternative industrial production methods

U.S. Consumer Products, Manufacturing, Real Estate, and Retail Sectors Strongly Support the ENERGY STAR Program

June 6, 2025

The Honorable Mike Lee, Chairman
The Honorable Martin Heinrich, Ranking Member
Committee on Energy and Natural Resources
U.S. Senate

The Honorable Brett Guthrie, Chair
The Honorable Frank Pallone, Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives

The Honorable Shelley Moore Capito, Chairman
The Honorable Sheldon Whitehouse, Ranking Member
Committee on Environment and Public Works
U.S. Senate

Dear Chairmen and Ranking Members:

On behalf of the consumer products, manufacturing, real estate, and retail sectors, the undersigned organizations **strongly support continuation of the non-regulatory and non-partisan ENERGY STAR program within the federal government.**

Our industries are engines of the U.S. economy. Manufacturers of consumer and other goods contributed $2.94 trillion at the annual rate to the U.S. economy in Q4 2024 alone. The consumer technology industry projects record retail revenues and 3.2% growth ($537 billion) from 2024 to 2025. The value of America's commercial real estate is estimated at $22.5 trillion, or about 44% of the market capitalization of all U.S. publicly traded companies. Housing's combined contribution to GDP generally averages 15%-18%. The value of new residential construction alone was about $1.1 trillion in the second quarter of 2024, approximately 4% of U.S. GDP. Retail is the nation's largest private-sector employer, contributing $5.3 trillion to annual GDP.

We create tens of millions of American jobs. Retail supports one in four U.S. jobs — 55 million working Americans. U.S. consumer technology supports more than 18 million U.S. jobs. Real estate supports over 14 million direct U.S. jobs. There were nearly 13 million manufacturing workers in April 2025.

ENERGY STAR has saved families and businesses hundreds of billions of dollars on energy costs since its inception – equating to $40 billion in annual savings per year to U.S. households, a significant return on investment for U.S. taxpayers. It has achieved massive costs savings and avoided energy waste by delivering highly efficient products for America's consumers, homes for America's families, and commercial buildings for America's businesses.

ENERGY STAR is a key element of an "all of the above" national energy strategy that has received overwhelmingly bipartisan support down the years. Electricity saved by ENERGY STAR helps free-up space on the grid needed so the U.S. can lead the world to power and grow artificial intelligence, support the burgeoning crypto asset industry, and bring more manufacturing plants back to our shores. ENERGY STAR reduces Americans' energy bills, a clear priority across party lines.

U.S. Consumer Products, Manufacturing, Real Estate, and Retail Sectors Strongly Support the ENERGY STAR Program

ENERGY STAR is an excellent example of a non-regulatory partnership between the government and private sector. 90% of households recognize the blue ENERGY STAR label, a remarkable level of brand awareness. It is a symbol of consumer trust built over 30+ years that should remain a federal government asset.

Importantly, clear legislative authorization[1] backs ENERGY STAR as a voluntary public-private partnership run by the federal government. We respectfully request that ENERGY STAR not be supplanted by non-governmental efforts that could significantly alter and overly complicate the program – and undermine its primary, bipartisan goals to support innovations in energy efficient products, buildings, and plants.

The manufacturing, consumer goods and technologies, real estate, and retail sectors urge Congress to devote the necessary resources so ENERGY STAR continues to thrive as a federal government program – and deliver compelling returns on taxpayers' investments.

Air-Conditioning, Heating and Refrigeration Institute (AHRI)

American Bakers Association

American Chemistry Council

American Lighting Association

Association of Home Appliance Manufacturers

Building Owners and Managers Association (BOMA) International

Cellulose Insulation Manufacturers Association

Consumer Technology Association

EPS Industry Alliance

Home Innovation Research Labs

ICSC

Illuminating Engineering Society

[1] 42 U.S.C. § 6294a (The ENERGY STAR program "**is established** within the Department of Energy and the Environmental Protection Agency ….") (enacted in 2005). Dozens of other provisions in the U.S. Code refer to ENERGY STAR as "established" at § 6294a. As illustrative, see, e.g.; 15 U.S.C. § 657h (requiring EPA to develop and coordinate a government-wide "ENERGY STAR for Small Business program"); 26 U.S.C. § 45L (new energy efficient homes eligible for tax credit if they are ENERGY STAR certified); 42 U.S.C. § 8295(b) (federal procurement of ENERGY STAR products); 42 U.S.C. § 15821 (residential rebate program for ENERGY STAR products); 42 U.S.C. § 17085 (energy efficient commercial tenant leased space program established within the ENERGY STAR program); 42 U.S.C. § 17112 (DOE and EPA shall consider data center energy efficiency best practices for use by the ENERGY STAR program). See also US Government Accountability Office, GAO-11-888, *ENERGY STAR: Providing Opportunities for Additional Review of EPA's Decisions Could Strengthen the Program* (Sept. 2011) ("In the Energy Policy Act of 2005, Congress **formally authorized** the Energy Star program to identify and promote energy-efficient products and buildings."

U.S. Consumer Products, Manufacturing, Real Estate, and Retail Sectors Strongly Support the ENERGY STAR Program

Information Technology Industry Council (ITI)

Insulation Contractors Association of America (ICAA)

Leading Builders of America

NAIOP, the Commercial Real Estate Development Association

Nareit

National Apartment Association

National Association of Electrical Distributors (NAED)

National Association of Home Builders

National Association of Manufacturers

National Electrical Manufacturers Association (NEMA)

National Insulation Association

National Multifamily Housing Council

National Retail Federation

North American Insulation Manufacturers Association

PIMA -- Polyisocyanurate Insulation Manufacturers Association

Pool and Hot Tub Alliance

Retail Industry Leaders Association

Spray Foam Coalition

Spray Polyurethane Foam Alliance

Real Estate Board of New York (REBNY)

The Real Estate Roundtable

Cc: The Honorable Chris Wright, Secretary, U.S. Department of Energy
The Honorable Lee Zeldin, Administrator, U.S. Environmental Protection Agency

Coal and Gas Plants Were Closing. Then Trump Ordered Them to Keep Running.

The grid operators that draw power from the plants said they never asked for them to remain open, and consumers may have to absorb extra costs.

Listen to this article · 8:45 min Learn more

By Claire Brown and Harry Stevens
June 6, 2025

A 63-year-old coal-fired power plant was scheduled to permanently close its doors in Michigan on June 1. So was an oil- and gas-powered plant that was built in the 1960s in Pennsylvania.

But at the last minute, the Trump administration ordered both to stay open. The orders came as it pursues a far-reaching plan to boost fossil fuels, including coal, by declaring a national "energy emergency."

The grid operators in Michigan and Pennsylvania said they hadn't asked for the orders and hadn't planned on using the plants this summer.

The costs to keep the plants open, which could total tens of millions of dollars, are expected to fall on consumers. Experts have said there's little evidence of a national energy emergency, and 15 states have sued to challenge President Trump's declaration, which was issued the day he took office.

The emergency orders, which came last month, surprised the companies that operate the plants, and they are now scrambling to delay some workers' retirements and reverse nearly complete plans to shutter their facilities. In Michigan, the plant operator raced to buy enough coal to power operations.

The episode marks a highly unusual use of the Energy Department's emergency powers under the Federal Power Act. In the past, the department has typically issued emergency orders at the request of regional grid operators to stabilize the power supply during extreme weather events and blackouts.

Dan Scripps, chair of the Michigan Public Service Commission, said he estimated that the 90-day order to keep the coal plant open would cost ratepayers tens of millions of dollars.

"What was surprising about this order is that nobody was asking for it," he said. "The grid operator wasn't asking for this plant to be kept online. The utility that owns and operates the plant wasn't asking for the plant to be kept online, the state wasn't asking for the plant to be kept online."

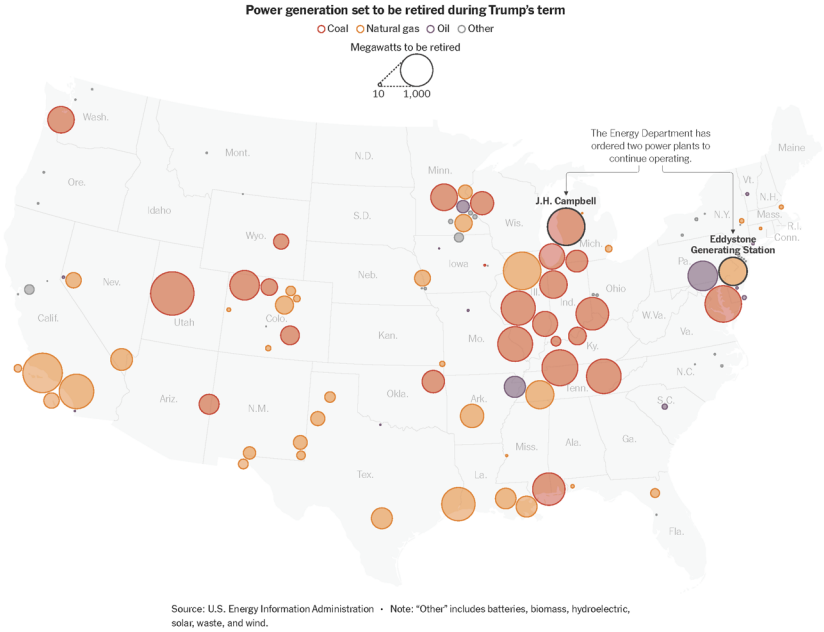
Dana Nessel, Michigan's attorney general, a Democrat, said she was "certainly considering" challenging the order affecting the coal plant in her state.

"We think this is par for the course with the Trump administration," Ms. Nessel said. "They're abusing emergency authorities and really manufacturing an emergency that doesn't exist, in a way that's really unprecedented."

Public Citizen, a consumer advocacy organization, also plans to challenge the orders, according to Tyson Slocum, the group's energy program director.

In a statement, Ben Dietderich, a spokesman for the Department of Energy, said the department under Mr. Trump was "ensuring Americans have access to all forms of reliable energy, including coal" and that the administration was committed to ensuring access to "reliable, affordable, and secure energy that isn't dependent on whether the sun shines or the wind blows."

The Energy Department did not respond to a request for comment.



Source: U.S. Energy Information Administration · Note: "Other" includes batteries, biomass, hydroelectric, solar, waste, and wind.

Consumers Energy, which runs the J.H. Campbell coal-fired power plant in Michigan, learned about the emergency order on the Friday evening before Memorial Day, just before the announcement was made public, the company's spokesman Brian Wheeler said. In a statement, Consumers Energy said it planned to comply.

The plant was just one week away from closing. The order prompted a rush to replenish the giant coal pile that feeds the plant, which had dwindled ahead of the planned closure. Coal is the dirtiest of the fossil fuels in terms of planet-warming pollution.

A week later, near Philadelphia, the oil- and gas-powered Eddystone plant was one day away from closing when it received similar news. In order to keep the affected units available, Constellation Energy, the facility's parent company, is "currently focused on securing the staff and performing the maintenance necessary," a spokesman said.

In its official order, the Energy Department cited projections showing potential summertime electricity generation shortfalls as the basis for the emergency action. Electricity demand is typically higher during the summer when temperatures rise and people use air-conditioning. Overall electricity demand is projected to increase because of data center construction and the adoption of electric vehicles.

All told, 108 plants with a combined capacity of 31.5 gigawatts are set to be retired by the end of Mr. Trump's term. That list includes 25 coal plants with a combined capacity of 18.2 gigawatts. One gigawatt is roughly enough to power the city of San Francisco.

In an April executive order, Mr. Trump directed the Energy Department to develop a process for using emergency powers to prevent coal plants from shutting down. It's not clear whether such a process informed the Michigan order.

Near Philadelphia, the oil- and gas-powered Eddystone plant was one day away from closing when it received news of the emergency order to stay open. Matt Rourke/Associated Press

Mr. Trump attempted something similar during his first term, but the idea faced fierce opposition from grid operators, power companies and consumers, and the White House eventually backed down.

The April order was one in a wave of executive actions aimed at reviving the coal industry by slashing regulations and opening more land for mining, among other things. Coal use in the United States has been declining for more than a decade, and coal plants now produce less than a fifth of the nation's power.

Despite Mr. Trump's vocal support of coal during his first administration, the period saw more coal capacity retired than the Biden era did. Research has shown that it costs more to operate most coal plants than it would to build wind and solar power replacements.

Thirty power plants with a combined capacity of 12.2 gigawatts are scheduled to retire just this year. Of those facilities, 10 are coal plants with a combined capacity of 7.7 gigawatts. Another 12 plants set to retire this year are powered by natural gas or oil.

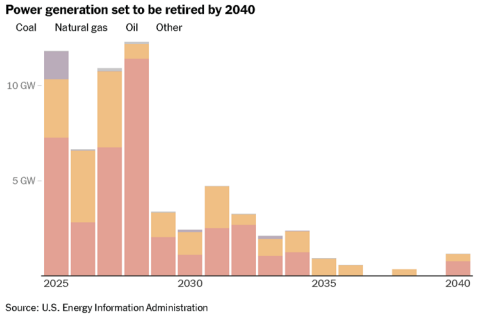
These facilities are generally being replaced with renewables, but grid operators have raised concerns that new sources of energy are not coming online fast enough to meet supply shortfalls left by retiring plants.

Companies that generate power typically work with grid operators, often years in advance, to ensure that a planned retirement will not increase the risk of blackouts or other power failures.

Grid operators have broad power to reverse or delay planned retirements if they forecast an electricity generation shortfall. Because of electricity reliability concerns, PJM Interconnection, a grid operator affected by the Energy Department's emergency orders in May, separately called on two power plants that burn oil and coal to stay open four years past their retirement dates this year.

Because the Michigan and Pennsylvania plants were set to close at the end of May, keeping these plants open will involve spending money on maintenance, staff and supplies, and these additional costs are expected to be borne by consumers through higher bills.

In Michigan, Consumers Energy rushed to buy more coal. The plant uses 15,000 tons of coal per day bought from Wyoming and Montana. And then there were other costs: Employees who had planned to retire or transfer were suddenly needed for at least another three months.



Source: U.S. Energy Information Administration

A spokesman for the Midcontinent Independent System Operator, which operates the grid in Michigan, said that it expected to have sufficient capacity to serve projected summer demand. However, extreme weather and "overall tighter conditions" may force it to use emergency procedures, like asking people to conserve energy or buying power from other grids, according to the operator.

In Pennsylvania, PJM Interconnection issued a statement welcoming the emergency order. The operator found that it had adequate reserves for the summer but may run into trouble in an extreme scenario.

The Energy Department's orders keep the power plants open for 90 days, the maximum allowable under the Federal Power Act. Under the law, the federal government can temporarily exercise controls over the electricity system during emergencies, and orders can be extended.

The Energy Department has issued several dozen emergency orders since 1935. These orders have typically come in response to acute weather emergencies, like extreme heat, hurricanes, wildfires and extreme cold.

In May, the Trump administration issued three such orders: Two kept fossil fuel power plants open past their retirement dates, and a third added more fossil fuel generation to Puerto Rico's ailing grid.

Claire Brown covers climate change for The Times and writes for the Climate Forward newsletter.

Harry Stevens is a Times reporter and graphics editor covering climate change, energy and the natural world.

A version of this article appears in print on , Section A, Page 10 of the New York edition with the headline: A Costly Order For Fuel Plants To Stay Open

Trump is forcing this dirty, costly coal plant to stay open

The administration blocked an electricity plant in Michigan from closing, overturning a plan by a utility and local officials.

June 1, 2025

By Evan Halper and Jake Spring

An emergency order last month from Washington rattled Michigan regulators: The Trump administration reversed the state's plan to retire an aging power plant, forcing it to remain open and continue burning coal.

Michigan and the plant's operator have mounds of evidence that closing the 63-year-old J.H. Campbell plant on the eastern shore of Lake Michigan won't create a shortage of electricity. But the Trump administration adopted a different view, claiming the Midwest is overly dependent on intermittent wind and solar power. Energy Secretary Chris Wright exercised rarely used federal authority to block the closure, which had been scheduled for May 31. His order requires the plant to continue operating for three more months — and possibly longer.

The move will collectively increase electric bills for ratepayers in the Midwest by tens of millions of dollars, according to Michigan officials. More broadly, it was seen as an opening salvo in President Donald Trump's effort to reverse America's transition to clean energy and restore the nation's dependence on burning fossil fuels. The administration's strategy includes using federal power to overturn the plans of local utilities and regulators.

"It came as a surprise to everybody, and it was baffling why they chose this plant," said Dan Scripps, chair of the Michigan Public Service Commission, which regulates utilities. "Nobody asked for this order. The power grid operator did not. The utility that owns the plant did not. The state regulator did not."

Trump attempted to unravel state-level zero-emissions goals in his first term with little to show for it. This time around, his strategy, guided in part by Project 2025, is more far-reaching, based on federal mandates and an expansive vision for what types of energy should be prioritized on regional electrical grids.

The White House claims that the intermittent nature of solar and wind generation will lead to energy shortages and fail to meet the surging electricity demands of artificial intelligence.

Experts said they could not recall another case in history when an administration unilaterally ordered the extension of a power plant's service without being asked by the owner or state officials.

The administration has already laid the groundwork for the Michigan order to be followed by other such emergency orders in other states in the coming months. Late on Friday, Wright used the authority to halt the long-planned retirement of the Eddystone Generating Station near Philadelphia, a 1960s-era power plant that burns gas and fuel oil. Trump allies in individual state legislatures, meanwhile, are introducing local laws that would prioritize electricity from fossil fuels on power grids.

"This administration is committed to ensuring Americans have access to reliable, affordable, and secure energy that isn't dependent on whether the sun shines or the wind blows," the Energy Department said in a statement to The Washington Post.

The administration's view that renewable energy destabilizes energy supplies is disputed by many experts, who say batteries and enhanced distribution systems allow power grids to thrive on wind and solar energy.

"The view that we need to prioritize these traditional resources is stuck in the past," said Ari Peskoe, director of the Electricity Law Initiative at Harvard Law School. "The cost of falling back on this kind of techno-pessimism is you lose momentum to build a more modern grid. Instead, you are doubling down on plants that need to be replaced because they are dirty and expensive."

Michigan's Campbell plant, according to the Sierra Club, is the largest source of greenhouse gas and local air pollution in western Michigan. It opened in 1962 and at one point was planned to run until as late as 2040. But plant owner Consumers Energy opted to close it this year as part of a 2022 settlement with the community and its broader plan to transition off coal altogether. Scripps said economics were a major driver in the early retirement, as the utility can generate energy more cheaply from gas, wind and solar.

Wright's emergency order keeps the plant open three months, the maximum amount of time the law allows. But he has the option of issuing new three-month orders each time one expires. Some lawmakers in Michigan are expecting exactly that. Trump, in an April executive action, directed Wright to issue such orders or take any other action necessary to keep open many large fossil plants scheduled for closure if the energy they generate is being replaced by wind or solar power.

Some local lawmakers are supporters of the federal intervention. "I hope it stays open for more than just a few months," Republican Michigan state Rep. Luke Meerman said of the Campbell plant. He signed an April 30 letter with colleagues urging the administration to keep it open. "Given it has a lifespan out to 2040, it seems premature and a waste of resources to shut it down."

The interventions in local power supplies dovetail with other steps. The administration aims to largely eliminate climate change as a consideration in any power grid planning, potentially resulting in the release of massive amounts of greenhouse gas into the atmosphere. The Energy Department also has taken control from independent regulators and grid operators the job of drafting of certain power grid supply rules. The White House has ordered the department to develop new formulas that could bump wind and solar projects to the back of the line.

"Technologies like battery energy storage that enhance grid operations but do not fit into that myopic definition of reliability likely won't get the same access," said Aaron Zubaty, CEO of Eolian, a large clean energy developer.

Declaring state and municipal clean energy goals “burdensome and ideologically motivated” in an April order, Trump directed the Justice Department to lay the groundwork for legal action against as many as 25 states that have adopted them.

“There has been this bias for years against fossil energy that has gotten us into a dangerous situation with a weakened grid,” said Diana Furchtgott-Roth, director of the Center for Energy, Climate and Environment at the conservative Heritage Foundation. “It needs to be rectified.”

The administration plans for reshaping how the United States generates electricity mirrors elements of the Heritage-led Project 2025 blueprint for remaking government. Project 2025 includes detailed plans for invoking emergency powers to reorient the electricity system toward fossil fuels and usurping authority from grid operators and state regulators, whose job it is to avoid blackouts and spikes in prices.

The policies are driven by a conservative backlash against Obama- and Biden-era rules that conservatives argue distorted free markets at the expense of fossil fuels, said Brent Bennett, director of the energy policy team at the Texas Public Policy Foundation, a conservative think tank aligned with Trump. “It’s kind of become an ideological battle,” he said.

That battle is also playing out on the state level in places such as Nebraska, which passed a law last year requiring that any gas, coal or nuclear power plant that is retired be replaced by plants that can provide an equal amount of around-the-clock electricity. Utah and Wyoming also passed laws in 2024 that aggressively prioritize such “dispatchable” electricity over intermittent sources like wind and solar.

Texas is requiring that all new wind and solar connected to the power grid starting in 2027 be paired with other resources that can backstop it. A measure that would prohibit developers from using battery storage systems as the backup passed the state Senate this year.

The administration justified the Campbell plant order by pointing to a report from the North American Electric Reliability Corporation, or NERC, a quasi-government agency focused on keeping the power grid from buckling, that warns the Midwest is facing a power crunch this summer. NERC officials said they welcomed the administration’s move.

But back in Michigan, regulators warn it will merely raise bills without making the system any more stable. Consumers Energy said in an email to The Post that it will comply with the administration’s order and it can secure the coal needed to keep the plant operational. But that could prove a challenge amid reports that contracts for coal and the railcars to the plant have expired. Regulators say several employees who run the plant have already moved on to jobs elsewhere or opted for early retirement packages.

“This is just bad policy,” said Howard Learner, CEO of the Chicago-based Environmental Law and Policy Center. “It is moving us backward by imposing what may be significant costs on ratepayers to run a coal plant which is no longer economic and regulators have found is not necessary.”

What readers are saying

The comments overwhelmingly criticize the Trump administration's decision to keep the J.H. Campbell coal plant open, highlighting concerns about increased pollution, higher electricity costs, and the undermining of state rights. Many commenters express skepticism about the... Show more

This summary is AI-generated. AI can make mistakes and this summary is not a replacement for reading the comments.

HENRY DARGAN MCMASTER
GOVERNOR

May 9, 2025

The Honorable Lindsey Graham
The Honorable Nancy Mace
The Honorable Sherri Biggs
The Honorable Ralph Norman
The Honorable Russell Fry
The Honorable Tim Scott
The Honorable Joe Wilson
The Honorable William Timmons
The Honorable James E. Clyburn

Ladies and Gentlemen:

South Carolina is about to lose an historic opportunity we've been seeking for years and working towards for months: ushering in a nuclear renaissance in South Carolina and across the country. We need your immediate help.

The country needs power. We've been meeting and planning vigorously for months with people and companies who want to build nuclear reactors and who want to buy their power.

Their targets are two big AP 1000 reactors at V.C. Summer, once a sad story, now a brilliant opportunity. We just need to finish them, but that takes money. Fortunately, the money is available; unfortunately, it is about to disappear. That's why I am writing you.

I will soon sign S. 51, legislation dealing with Santee Cooper's current effort to gauge the feasibility of finishing nuclear reactors (#2 and #3) at the V.C. Summer Nuclear Station in Jenkinsville. But without the existing federal tax credits and loan programs for nuclear power that make financing new nuclear power generation possible, our efforts to finish V.C. Summer are dead. And Congress is on the edge of eliminating them in budget reconciliation.

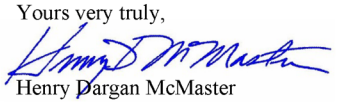
The federal tax credits for nuclear power in sections of the Internal Revenue Code and the Section 1706 loan authority at the Department of Energy Loan Programs Office make it possible to preserve existing nuclear assets like V.C. Summer. They also help attract billions of dollars in large-scale private capital and investment necessary for nuclear construction. Traditional lenders are reluctant to finance new nuclear generation projects.

S. 51 specifically speaks to these existing federal tax credits and loan programs for nuclear power and deems them critical to completing the construction of the V.C. Summer reactors.

South Carolina's economy is booming, and our population is growing at record rates. Our prosperity has created demand for infrastructure, workforce, housing, education, transportation, and recreation. All these challenges – now and in the future – require South Carolina to have clean, abundant and affordable power. That means nuclear power. And that means finishing the job at V.C. Summer.

I urge you to protect the federal tax credit and loan programs for nuclear power in the upcoming reconciliation negotiations. Your leadership is as crucial as the power. Thank you.

Yours very truly,



Henry Dargan McMaster

cc: Members of the South Carolina General Assembly

STATE OF INDIANA
OFFICE OF THE GOVERNOR
State House, Second Floor
Indianapolis, Indiana 46204

Mike Braun
Governor

May 16, 2025

The Honorable John Thune
The Honorable John Barrasso
The Honorable Tom Emmer
The Honorable Jodey Arrington
The Honorable Mike Crapo

The Honorable Mike Johnson
The Honorable Steve Scalise
The Honorable Lindsay Graham
The Honorable Brett Guthrie
The Honorable Jason Smith

Ladies and Gentlemen,

Indiana stands on the threshold of a nuclear renaissance - a pivotal moment for our state's energy future and economic growth. We have a unique opportunity to harness and enhance our nuclear infrastructure, ensuring reliable, clean, and affordable power to fuel Indiana's rapidly expanding industries.

Our state boasts strategic advantages that few can match. Two promising sites, Rockport and The Crane Naval Base, are already in the early stages of preparation for possible Small Modular Reactor (SMR) siting. These sites offer not only ideal locations for advanced nuclear deployment but also a robust foundation from which to spearhead innovation in nuclear technology. In addition, major industry players like BWXT and Rolls Royce Manufacturing are poised to drive manufacturing excellence and fuel our nuclear ambitions, reinforcing Indiana's position as a national leader in the sector.

Preliminary surveys have identified more than 7 sites across Indiana that are suitable for SMR technology and other advanced nuclear deployments. This extensive inventory of potential sites underlines the breadth of our opportunities - each one representing a stepping-stone towards powering our state's future with resilient and sustainable energy solutions.

Moreover, Indiana's energy demand is projected to increase by an estimated 2 – 4 percent annually. This surge is driven by the rapid expansion of key industries, such as steel production, semiconductor manufacturing, automotive production, and the burgeoning presence of AI data centers. The growth of these sectors underscores the urgent need for large-scale, dependable energy development. By investing in nuclear infrastructure now, we can ensure that Indiana not only meets but exceeds these rising energy requirements, fostering an environment of sustained economic prosperity.

In Indiana, we understand that federal tax credits under the Internal Revenue Code, along with the Section 1706 loan authority from the U.S. Department of Energy, are vital tools for preserving our nation's key nuclear assets and for attracting billions of dollars in private

investment essential to nuclear construction. These financial mechanisms are particularly critical, as traditional lenders have long been cautious about financing new nuclear projects. We recognize this dynamic by deeming these tax credits and loan programs indispensable for de-risking nuclear investments and driving energy solutions that will power our future here in Indiana.

Your leadership is essential in safeguarding the federal programs that permit these advancements. With your support, Indiana can ignite a nuclear renaissance that not only powers our industries but also delivers long-term benefits for our communities, from job creation to environmental sustainability. A transformational opportunity is before us.

Let us collaborate and seize this moment together. Indiana's nuclear future is bright, and with decisive action, we can secure a legacy of innovation, energy independence, and economic stability for generations to come.

Respectfully,

Mike Braun
Governor, State of Indiana

cc: Indiana Congressional Delegation

Proposed Rollbacks of Efficiency Standards Would Cost Consumers $43 Billion

By Joanna Mauer

May 2025

Summary

On May 12, the Department of Energy (DOE) announced proposals to eliminate or reduce dozens of regulations. While DOE claims that these actions would save Americans $11 billion, it simply ignores that they would add more than $54 billion—nearly five times as much—in utility bill costs, according to the department's own analyses. Families and businesses would therefore see their net costs raised by $43 billion under the proposed repeals.

In every efficiency standards rulemaking, DOE estimates both the additional upfront product costs and the lifetime operating cost savings from higher efficiency levels. In DOE's recent press release announcing its proposals to eliminate or reduce 47 regulations, the department claimed that these actions "will save the American people $11 billion." However, this number—which appears to reflect the cumulative incremental costs associated with efficiency standards for 12 products—ignores the much larger utility bill savings that these standards are delivering or are set to deliver. Rather than saving money for Americans, DOE's proposed repeals would instead significantly increase costs by allowing the sale of outdated, energy-wasting products.

Twenty-two of the 47 proposals are unrelated to efficiency standards; for these, it appears that the administration does not have any savings estimates.[1] Similarly, for 13 of the 25 proposals related to efficiency standards, DOE has not published estimates of costs or savings.[2]

For the remaining 12 proposals related to efficiency standards,[3] table 1 shows DOE's prior estimates of the cumulative incremental product costs and operating cost savings (over 30 years of product sales) for the standards that would be eliminated. (For three products—microwave ovens, compact residential clothes washers, and miscellaneous refrigeration products—DOE's proposals would eliminate both the current standards as well as recently finalized standards scheduled to take effect in the coming years.) The total cumulative incremental product costs are $11.4 billion, which matches the claimed "savings" from eliminating these standards in DOE's press release. However, the total cumulative operating cost savings are $54.5 billion. In other words, DOE's published analyses show that the utility bill savings for

[1] As of May 19, the DOGE website listed the savings for these rules as "To be calculated." https://doge.gov/regulations.

[2] One relates to a reporting requirement (#1 on the list of 47), two address test procedures (#39 and #40), three would withdraw coverage determinations for products for which DOE has not yet set standards (#38, #45, and #46), two address products (faucets and showerheads) for which DOE has never updated the standards established by Congress (#15 and #44), and one is a request for information (#42). Another four would repeal water efficiency standards while leaving the energy efficiency standards in place (#12, #20, #21, and #22), and DOE has not separated out the costs associated with just the water efficiency requirements.

[3] Corresponding to #13, #14, #16, #17, #18, #19, #23, #24, #34, #35, #36, and #37.

households and businesses from these rules are nearly five times greater than the additional upfront costs.

The table also shows for each rule DOE's estimate of the total net present value savings, which are the difference between the operating cost savings and the incremental costs. The total net present value savings for the 12 rules are $43 billion. In other words, while DOE claims that its recent proposals would save Americans $11 billion, the department's own analyses show that eliminating these standards would instead raise net costs for households and businesses by $43 billion.

Table 1. Costs and savings of 12 efficiency standards targeted for repeal

Product	Final rule date	Compliance date	Cumulative incremental product costs (billion $)	Cumulative operating cost savings (billion $)	Net present value savings (billion $)
Prerinse spray valves	2016	2019	0.00	1.48	1.48
Microwave ovens	2013	2016	1.34	4.72	3.38
	2023	2026	0.08	0.43	0.35
External power supplies	2014	2016	3.3	7.1	3.8
Dehumidifiers	2016	2019	0.19	2.90	2.71
Conventional cooking tops	2009	2012	0.17	0.73	0.56
Conventional ovens	2009	2012	0.18	0.33	0.14
Battery chargers	2016	2018	0.2	1.4	1.2
Compact residential clothes washers	2012	2015/2018	0.07	0.64	0.56
	2024	2028	0.05	0.07	0.02
Air cleaners	2023	2023/2025	0.5	14.1	13.7
Compressors	2020	2025	0.2	0.6	0.4
Miscellaneous refrigeration products	2016	2019	2.9	13.9	11.0
	2024	2029	1.23	2.00	0.77
Portable air conditioners	2020	2025	1.0	4.1	3.1
Total	--	--	**11.4**	**54.5**	**43.2**

Note: The incremental product costs, operating cost savings, and net present value savings all reflect a 3% discount rate.

Appendix A shows the sources for the estimates of costs and savings.

Appendix A. Sources for costs and savings

Product	Sources
Prerinse spray valves	DOE 2016 Final Rule: www.govinfo.gov/content/pkg/FR-2016-01-27/pdf/2016-00068.pdf.
Microwave ovens	DOE 2013 Final Rule: www.govinfo.gov/content/pkg/FR-2013-06-17/pdf/2013-13535.pdf. DOE 2023 Final Rule: www.govinfo.gov/content/pkg/FR-2023-06-20/pdf/2023-12958.pdf.
External power supplies	DOE 2014 Final Rule: www.govinfo.gov/content/pkg/FR-2014-02-10/pdf/2014-02560.pdf.
Dehumidifiers	DOE 2016 Final Rule: www.govinfo.gov/content/pkg/FR-2016-06-13/pdf/2016-12881.pdf.
Conventional cooking tops	DOE 2009 Final Rule: www.govinfo.gov/content/pkg/FR-2009-04-08/pdf/E9-7545.pdf. DOE 2009 Final Rule National Impact Analysis Tool for Cooktops and Ovens: www.regulations.gov/document/EERE-2006-STD-0127-0099.
Conventional ovens	DOE 2009 Final Rule: www.govinfo.gov/content/pkg/FR-2009-04-08/pdf/E9-7545.pdf. DOE 2009 Final Rule National Impact Analysis Tool for Cooktops and Ovens: www.regulations.gov/document/EERE-2006-STD-0127-0099.
Battery chargers	DOE 2016 Final Rule: www.govinfo.gov/content/pkg/FR-2016-06-13/pdf/2016-12835.pdf.
Compact residential clothes washers	DOE 2012 Final Rule National Impact Analysis: www.regulations.gov/document/EERE-2008-BT-STD-0019-0046. DOE 2024 Final Rule National Impact Analysis: www.regulations.gov/document/EERE-2017-BT-STD-0014-0512.
Air cleaners	DOE 2023 Final Rule: www.govinfo.gov/content/pkg/FR-2023-04-11/pdf/2023-06499.pdf.
Compressors	DOE 2020 Final Rule: www.govinfo.gov/content/pkg/FR-2020-01-10/pdf/2019-26355.pdf.
Miscellaneous refrigeration products	DOE 2016 Final Rule: www.govinfo.gov/content/pkg/FR-2016-10-28/pdf/2016-24759.pdf. DOE 2024 Final Rule: www.govinfo.gov/content/pkg/FR-2024-05-07/pdf/2024-08001.pdf
Portable air conditioners	DOE 2020 Final Rule: www.govinfo.gov/content/pkg/FR-2020-01-10/pdf/2019-26350.pdf.

Federal Reserve Bank of Dallas

Dallas Fed Energy Survey

Dallas Fed Energy Survey

First Quarter | March 26, 2025

Oil and gas activity edges higher; uncertainty rising, costs increase

What's New This Quarter

Special questions this quarter include an annual update on break-even prices by basin. Questions also focus on regulatory compliance costs, employee head count, mergers and acquisitions in the upstream sector and the impact of steel import tariffs.

Activity in the oil and gas sector increased slightly in first quarter of 2025, according to oil and gas executives responding to the Dallas Fed Energy Survey. The business activity index, the survey's broadest measure of the conditions energy firms face in the Eleventh District, remained in positive territory but declined slightly from 6.0 in the fourth quarter 2024 to 3.8 in the first quarter.

The company outlook index decreased 12 points to -4.9, suggesting slight pessimism among firms. Meanwhile, the outlook uncertainty index jumped 21 points to 43.1.

Oil and gas production increased slightly in the first quarter, according to executives at exploration and production firms. The oil production index moved up from 1.1 in the fourth quarter to 5.6 in the first quarter. Meanwhile, the natural gas production index turned positive, rising from -3.5 to 4.8.

Costs increased at a faster pace relative to the prior quarter. Among oilfield services firms, the input cost index advanced, from 23.9 to 30.9. Among E&P firms, the finding and development costs index increased, from 11.5 to 17.1. Meanwhile, the lease operating expenses index rose from 25.6 to 38.7.

The equipment utilization index for oilfield services firms was relatively unchanged at -4.8. The operating margin index decreased from -17.8 to -21.5, indicating margins narrowed at a slightly faster rate. Meanwhile, the prices received for services index swung into positive territory, increasing from -13.0 to 7.1.

The aggregate employment index edged down from 2.2 in the fourth quarter to zero in the first quarter. This suggests employment was unchanged in the quarter. The aggregate employee hours index was relatively unchanged at 0.7. Meanwhile, the aggregate wages and benefits index was also relatively unchanged at 21.6.

On average, respondents expect a West Texas Intermediate (WTI) oil price of $68 per barrel at year-end 2025; responses ranged from $50 to $100 per barrel. When asked about longer-term expectations, respondents on average said they expect a WTI oil price of $74 per barrel two years from now and $82 per barrel five years from now. Survey participants foresee a Henry Hub natural gas price of $3.78 per million British thermal units (MMBtu) at year-end 2025. When asked about longer-term expectations, respondents on average said they anticipate a Henry Hub gas price of $4.30 per MMBtu two years from now and $4.83 per MMBtu five years from now. For reference, WTI spot prices averaged $67.60 per barrel during the survey collection period, and Henry Hub spot prices averaged $4.10 per MMBtu.

Next release: July 2, 2025

Data were collected March 12–20, and 130 energy firms responded. Of the respondents, 88 were exploration and production firms and 42 were oilfield services firms.

The Dallas Fed conducts the Dallas Fed Energy Survey quarterly to obtain a timely assessment of energy activity among oil and gas firms located or headquartered in the Eleventh District. Firms are asked whether business activity, employment, capital expenditures and other indicators increased, decreased or remained unchanged compared with the prior quarter and with the same quarter a year ago. Survey responses are used to calculate an index for each indicator. Each index is calculated by subtracting the percentage of respondents reporting a decrease from the percentage reporting an increase. When the share of firms reporting an increase exceeds the share reporting a decrease, the index will be greater than zero, suggesting the indicator has increased over the previous quarter. If the share of firms reporting a decrease exceeds the share reporting an increase, the index will be below zero, suggesting the indicator has decreased over the previous quarter.

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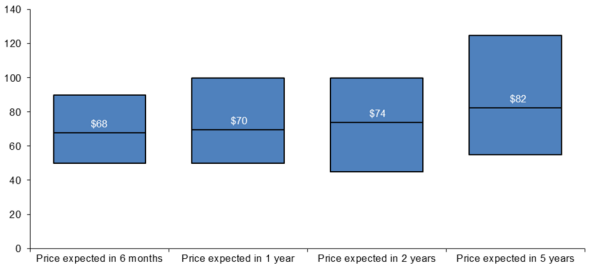
Price Forecasts

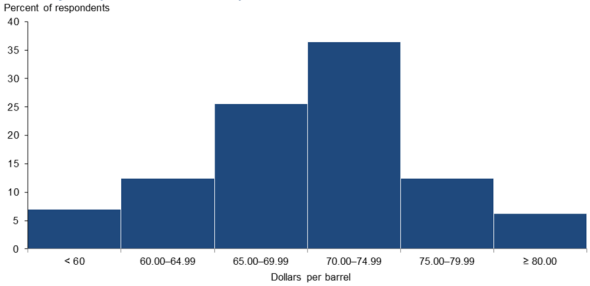
West Texas Intermediate Crude

What do you expect WTI prices to be in six months, one year, two years and five years?



NOTES: Executives from 124 oil and gas firms answered this question during the survey collection period, March 12–20, 2025. For reference, WTI (West Texas Intermediate) spot prices averaged $67.60 per barrel during the period. The middle line denotes the mean, while the bottom and top of the box denote the minimum and maximum response.
SOURCES: Federal Reserve Bank of Dallas; Chicago Mercantile Exchange (reference price).

What do you expect the WTI crude oil price to be at the end of 2025?



NOTES: Executives from 129 oil and gas firms answered this question during the survey collection period, March 12–20, 2025. The average response was $68 per barrel. For reference, WTI (West Texas Intermediate) spot prices averaged $67.60 per barrel during the period.
SOURCES: Federal Reserve Bank of Dallas; Energy Information Administration (reference price).

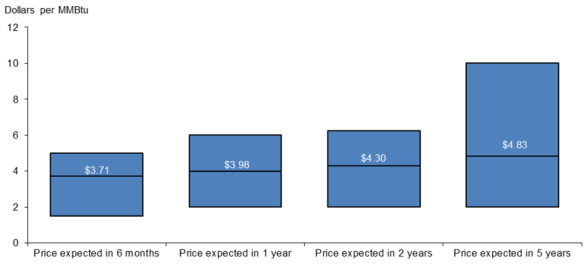
West Texas Intermediate crude oil price, year-end 2025

Indicator	Survey Average	Low Forecast	High Forecast	Price During Survey
Current quarter	$68.32	$50.00	$100.00	$67.60
Prior quarter	$71.13	$53.00	$100.00	$70.66

NOTE: Price during survey is an average of daily spot prices during the survey collection period.
SOURCES: Federal Reserve Bank of Dallas; Energy Information Administration.

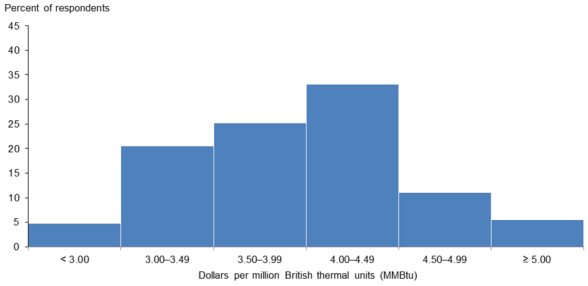
Henry Hub Natural Gas

What do you expect Henry Hub natural gas prices to be in six months, one year, two years and five years?



NOTES: Executives from 117 oil and gas firms answered this question during the survey collection period, March 12–20, 2025. For reference, Henry Hub spot prices averaged $4.10 per million British thermal units (MMBtu) during the period. The middle line denotes the mean, while the bottom and top of the box denote the minimum and maximum response.
SOURCES: Federal Reserve Bank of Dallas; Energy Information Administration (reference price).

What do you expect the Henry Hub natural gas price to be at the end of 2025?



NOTES: Executives from 127 oil and gas firms answered this question during the survey collection period, March 12–20, 2025. The average response was $3.78 per MMBtu. For reference, Henry Hub spot prices averaged $4.10 per MMBtu during the period.
SOURCES: Federal Reserve Bank of Dallas; Energy Information Administration (reference price).

Henry Hub natural gas price, year-end 2025

Indicator	Survey Average	Low Forecast	High Forecast	Price During Survey
Current quarter	$3.78	$2.00	$5.25	$4.10
Prior quarter	$3.19	$2.00	$4.80	$3.04

NOTE: Price during survey is an average of daily spot prices during the survey collection period.
SOURCES: Federal Reserve Bank of Dallas; Energy Information Administration.

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Special Questions

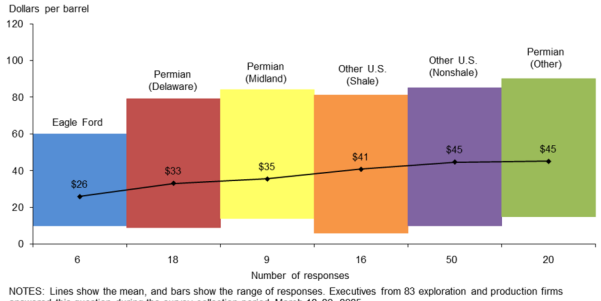
Data were collected March 12–20; 129 oil and gas firms responded to the special questions survey.

Exploration and production (E&P) firms

In the top two areas in which your firm is active: What West Texas Intermediate (WTI) oil price does your firm need to cover operating expenses for existing wells?

The average price across the entire sample is approximately $41 per barrel, up from $39 last year. Across regions, the average price necessary to cover operating expenses ranges from $26 to $45 per barrel. Almost all respondents can cover operating expenses for existing wells at current prices.

Large firms (with crude oil production of 10,000 barrels per day or more as of fourth quarter 2024) require prices of $31 per barrel to cover operating expenses for existing wells, based on the average of company responses. That compares with $44 for small firms (fewer than 10,000 barrels per day).



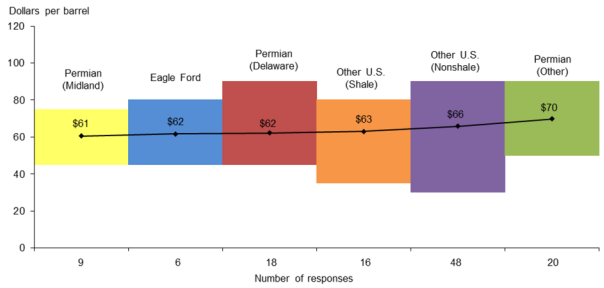
NOTES: Lines show the mean, and bars show the range of responses. Executives from 83 exploration and production firms answered this question during the survey collection period, March 12–20, 2025.
SOURCE: Federal Reserve Bank of Dallas.

Downloadable chart | Chart data

In the top two areas in which your firm is active: What WTI oil price does your firm need to profitably drill a new well?

For the entire sample, firms need $65 per barrel on average to profitably drill, higher than the $64-per-barrel price when this question was asked in last year's first-quarter survey. Across regions, average breakeven prices to profitably drill range from $61 to $70 per barrel. Breakeven prices in the Permian Basin average $65 per barrel, unchanged from last year.

Large firms (with crude oil production of 10,000 barrels per day or more as of fourth quarter 2024) require a $61-per-barrel price to profitably drill, based on the average of company responses. That compared with $66 for small firms (fewer than 10,000 barrels per day).

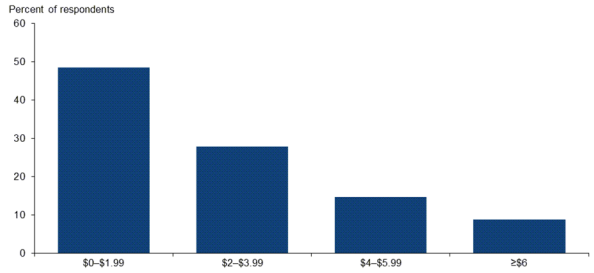


NOTES: Lines show the mean, and bars show the range of responses. Executives from 81 exploration and production firms answered this question during the survey collection period, March 12–20, 2025.
SOURCE: Federal Reserve Bank of Dallas.

Downloadable chart | Chart data

On a net production basis, how much do you estimate is your firm's cost of regulatory compliance, broadly defined, on a dollar-per-barrel basis?

Almost half of the executives (49 percent) estimate that their firm's cost of regulatory compliance is $0–$1.99 per barrel. Twenty-eight percent of executives estimate the cost as $2–$3.99 per barrel; an additional 15 percent said $4–$5.99 per barrel. The remaining 9 percent said greater than or equal to $6 per barrel.



NOTES: Executives from 68 exploration and production firms answered this question during the survey collection period, March 12–20, 2025. Respondents were asked to use a broad definition of regulatory compliance as applicable to their firm, including permitting costs, environmental, hiring and labor practices, but excluding tax payments.
SOURCE: Federal Reserve Bank of Dallas.

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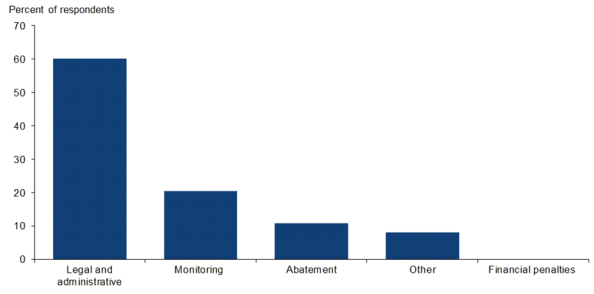
Which of the following is the main cost component for regulatory compliance for your firm?

A majority of executives—60 percent—said legal and administrative costs are their firm's main expense item in terms of regulatory compliance. Twenty-one percent of executives selected "monitoring." Eleven percent cited "abatement," and 8 percent cited "other."

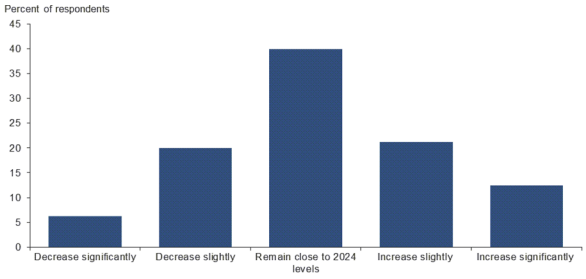


NOTE: Executives from 73 exploration and production firms answered this question during the survey collection period, March 12–20, 2025.
SOURCE: Federal Reserve Bank of Dallas.

Downloadable chart | Chart data

How much do you expect your firm's cost of regulatory compliance to change in 2025 versus 2024?

Forty percent of executives expect their firm's cost of regulatory compliance to remain close to 2024 levels in 2025. More respondents expect the cost of regulatory compliance to increase this year rather than decrease. Twenty-one percent of executives said they expect regulatory compliance cost to slightly increase, while 13 percent anticipate a significant increase. On the other hand, 20 percent of executives expect regulatory compliance cost to decrease slightly, and 6 percent anticipate it will decrease significantly.



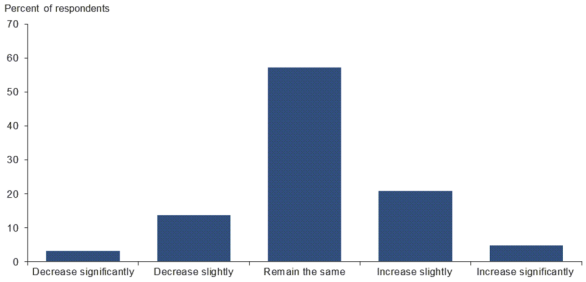
NOTE: Executives from 80 exploration and production firms answered this question during the survey collection period, March 12–20, 2025.
SOURCE: Federal Reserve Bank of Dallas.

Downloadable chart | Chart data

All firms

How do you expect the number of employees at your company to change from December 2024 to December 2025?

The largest group, 57 percent of executives, expect employment at their firm to remain the same from December 2024 to December 2025. 21 percent of executives chose “increase slightly” while 14 percent chose “decrease slightly.” (See table for more detail.)



NOTE: Executives from 124 oil and gas firms answered this question during the survey collection period, March 12–20, 2025.
SOURCE: Federal Reserve Bank of Dallas.

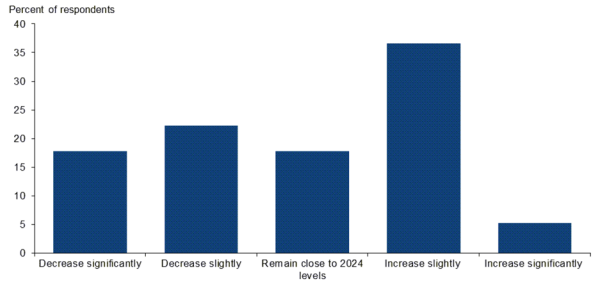
Downloadable chart | Chart data

Response	Percent of respondents (among each group)		
	All firms	E&P	Services
Increase significantly	5	4	7
Increase slightly	21	16	31
Remain close to 2025 levels	57	67	38
Decrease slightly	14	12	17
Decrease significantly	3	1	7

NOTES: Executives from 82 exploration and production firms and 42 oil and gas support services firms answered this question during the survey collection period, March 12–20, 2025. The “All” column reports the percentage of the total 124 responses. Percentages may not sum to 100 due to rounding.

What are your expectations for the total merger and acquisition deal value for the U.S. upstream oil and gas sector in 2025 versus 2024?

The biggest group, 37 percent of executives, expect the total merger and acquisition deal value for the U.S. upstream oil and gas sector to increase slightly this year. Twenty-two percent of executives expect the deal value to decrease slightly in 2025, and 18 percent each selected “remain close to 2024 levels” and “decrease significantly.”



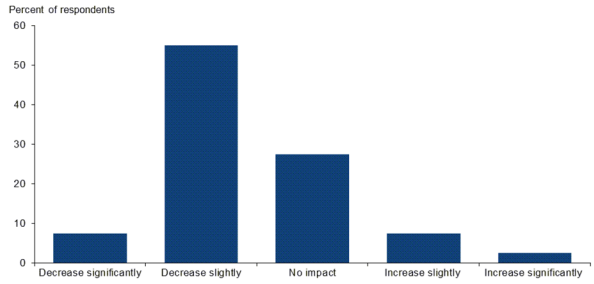
NOTE: Executives from 112 oil and gas firms answered this question during the survey collection period, March 12–20, 2025.
SOURCE: Federal Reserve Bank of Dallas.

Downloadable chart | Chart data

Oil and gas support services firms

What impact do you expect the 25 percent steel import tariffs to have on your customer demand for 2025?

This question was posed only to oil and gas support services firms, which have E&P firms as their primary customer. A majority of executives—55 percent—expect the impact of the steel import tariffs to slightly decrease customer demand for 2025. Twenty-eight percent expect no impact. Few respondents selected “decrease significantly,” “increase slightly” or “increase significantly.”



NOTE: Executives from 40 oil and gas support services firms answered this question during the survey collection period, March 12–20, 2025.
SOURCE: Federal Reserve Bank of Dallas.

Downloadable chart | Chart data

Special Questions Comments

Exploration and Production (E&P) Firms

- For the average onshore upstream operator, the current administration versus the previous administration regulatory regime shows no real change at all. We still get our permits from the Railroad Commission in Texas, for example, not the Environmental Protection Agency. The federal regulatory regime matters if you are operating in the Gulf of Mexico or Alaska but not for the Permian, Eagle Ford, Bakken, Utica, etc. Also, asking OPEC+ to produce more hurts domestic operators.
- Oilfield services suppliers are willing to balance profitability with contract duration, especially for customers with strong credit ratings.
- It will be hard for 2025 to compete with 2024 when it comes to upstream merger and acquisition (M&A) volumes because the major corporate mergers that have already taken place throw off the true metrics about how healthy the upstream M&A market is in the United States. Major corporate mergers and asset level M&A are two very different things. At the asset level, I think upstream M&A will improve in 2025. I think there will be less activity in major corporate mergers, which are the true needle-mover when measuring total volume of upstream M&A.
- The new administration brings positivity to the energy industry.
- When the little guy, the independent, reaches critical mass in size, he can be purchased by a larger company.

Oil and Gas Support Services Firms

- In a strange twist to the administration's hope for more domestic oil and gas production, higher steel tariffs may result in fewer wells completed due to higher completion costs, and, in particular, the cost of oil country tubular goods. The margins are thin enough for many wells, and this will likely result in downward pressure on total wells brought online.
- The rig count is flat and scrap prices are up. Time to scrap more rigs; there are lots of rigs that will never go back to work.

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Business Indicators: Quarter/Quarter

Business Indicators: All Firms
Current Quarter (versus previous quarter)

Indicator	Current Index	Previous Index	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Level of Business Activity	3.8	6.0	27.1	49.6	23.3
Capital Expenditures	9.4	1.5	32.8	43.8	23.4
Supplier Delivery Time	3.2	-4.6	7.9	87.4	4.7
Employment	0.0	2.2	11.6	76.7	11.6
Employee Hours	0.7	0.0	13.8	73.1	13.1
Wages and Benefits	21.6	21.7	25.4	70.8	3.8

Indicator	Current Index	Previous Index	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	-4.9	7.1	26.2	42.6	31.1

Indicator	Current Index	Previous Index	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Uncertainty	43.1	22.4	60.8	21.5	17.7

Business Indicators: E&P Firms
Current Quarter (versus previous quarter)

Indicator	Current Index	Previous Index	% Reporting Increase	% Reporting No Change	% Reporting Decrease

Level of Business Activity	6.9	8.0	25.3	56.3	18.4
Oil Production	5.6	1.1	26.1	53.4	20.5
Natural Gas Wellhead Production	4.8	-3.5	27.7	49.4	22.9
Capital Expenditures	8.2	3.6	32.6	43.0	24.4
Expected Level of Capital Expenditures Next Year	18.2	24.1	37.5	43.2	19.3
Supplier Delivery Time	3.6	-5.9	7.1	89.4	3.5
Employment	-2.3	4.6	6.9	83.9	9.2
Employee Hours	1.1	-2.3	9.1	83.0	8.0
Wages and Benefits	21.6	24.1	26.1	69.3	4.5
Finding and Development Costs	17.1	11.5	21.6	73.9	4.5
Lease Operating Expenses	38.7	25.6	39.8	59.1	1.1

Indicator	Current Index	Previous Index	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	-3.7	13.8	26.3	43.8	30.0

Indicator	Current Index	Previous Index	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Uncertainty	40.9	24.1	61.4	18.2	20.5

Business Indicators: O&G Support Services Firms
Current Quarter (versus previous quarter)

Indicator	Current Index	Previous Index	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Level of Business Activity	-2.3	2.2	31.0	35.7	33.3
Utilization of Equipment	-4.8	-4.4	26.2	42.9	31.0
Capital Expenditures	11.9	-2.1	33.3	45.2	21.4
Supplier Delivery Time	2.4	-2.2	9.5	83.3	7.1
Lag Time in Delivery of Firm's Services	0.0	0.0	7.1	85.7	7.1
Employment	4.7	-2.1	21.4	61.9	16.7
Employment Hours	0.0	4.3	23.8	52.4	23.8
Wages and Benefits	21.4	17.0	23.8	73.8	2.4
Input Costs	30.9	23.9	33.3	64.3	2.4
Prices Received for Services	7.1	-13.0	21.4	64.3	14.3
Operating Margin	-21.5	-17.8	19.0	40.5	40.5

Indicator	Current Index	Previous Index	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	-7.1	-4.3	26.2	40.5	33.3

Indicator	Current Index	Previous Index	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Uncertainty	47.6	19.2	59.5	28.6	11.9

Business Indicators: Year/Year

Business Indicators: All Firms
Current Quarter (versus same quarter a year ago)

Indicator	Current Index	Previous Index	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Level of Business Activity	4.9	-3.2	32.8	39.3	27.9
Capital Expenditures	15.0	4.8	40.0	35.0	25.0
Supplier Delivery Time	3.4	-8.1	10.2	83.1	6.8
Employment	7.4	4.0	20.5	66.4	13.1
Employee Hours	5.6	5.5	18.5	68.5	12.9
Wages and Benefits	41.4	45.3	44.7	52.0	3.3

Indicator	Current Index	Previous Index	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	0.0	5.2	34.5	31.0	34.5

Business Indicators: E&P Firms
Current Quarter (versus same quarter a year ago)

Indicator	Current Index	Previous Index	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Level of Business Activity	9.9	6.2	34.6	40.7	24.7
Oil Production	13.3	-5.1	38.6	36.1	25.3
Natural Gas Wellhead Production	1.2	-12.5	31.6	38.0	30.4
Capital Expenditures	16.2	7.6	42.5	31.3	26.3
Expected Level of Capital Expenditures Next Year	16.1	19.0	38.3	39.5	22.2
Supplier Delivery Time	1.3	-3.9	7.8	85.7	6.5
Employment	6.1	5.0	15.9	74.4	9.8
Employee Hours	9.7	6.2	16.9	75.9	7.2
Wages and Benefits	40.2	43.7	43.9	52.4	3.7
Finding and Development Costs	21.7	16.1	32.5	56.6	10.8
Lease Operating Expenses	51.8	38.5	54.2	43.4	2.4

Indicator	Current Index	Previous Index	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	1.4	8.3	34.7	31.9	33.3

Business Indicators: O&G Support Services Firms
Current Quarter (versus same quarter a year ago)

Indicator	Current Index	Previous Index	% Reporting Increase	% Reporting No Change	% Reporting Decrease
Level of Business Activity	-4.8	-19.5	29.3	36.6	34.1
Utilization of Equipment	-4.8	-24.4	29.3	36.6	34.1
Capital Expenditures	12.5	0.0	35.0	42.5	22.5
Supplier Delivery Time	7.3	-15.5	14.6	78.0	7.3
Lag Time in Delivery of Firm's Services	-2.5	-11.4	7.3	82.9	9.8
Employment	10.0	2.2	30.0	50.0	20.0
Employment Hours	-2.4	4.4	22.0	53.7	24.4
Wages and Benefits	43.9	47.8	46.3	51.2	2.4
Input Costs	55.0	51.1	57.5	40.0	2.5
Prices Received for Services	7.3	-11.6	29.3	48.8	22.0

Operating Margin	-20.5	-22.7	23.1	33.3	43.6

Indicator	Current Index	Previous Index	% Reporting Improved	% Reporting No Change	% Reporting Worsened
Company Outlook	-2.5	0.0	34.1	29.3	36.6

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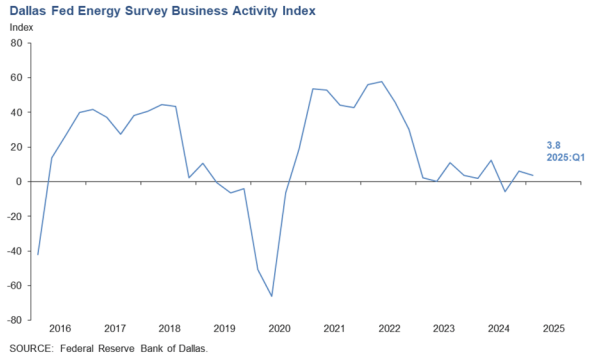
Activity Chart



SOURCE: Federal Reserve Bank of Dallas.

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Comments from Survey Respondents

These comments are from respondents' completed surveys and have been edited for publication. Comments from the Special Questions survey can be found below the special questions.

Exploration and Production (E&P) Firms

- The key word to describe 2025 so far is "uncertainty" and as a public company, our investors hate uncertainty. This has led to a marked increase in the implied cost of capital of our business, with public energy stocks down significantly more than oil prices over the last two months. This uncertainty is being caused by the conflicting messages coming from the new administration. There cannot be "U.S. energy dominance" and $50 per barrel oil; those two statements are contradictory. At $50-per-barrel oil, we will see U.S. oil production start to decline immediately and likely significantly (1 million barrels per day plus within a couple quarters). This is not "energy dominance." The U.S. oil cost curve is in a different place than it was five years ago; $70 per barrel is the new $50 per barrel.
- First, trade and tariff uncertainty are making planning difficult. Second, I urge the administration to engage with U.S. steel executives to boost domestic production and introduce new steel specs. This will help lower domestic steel prices, which have risen over 30 percent in one month in anticipation of tariffs.
- The administration's chaos is a disaster for the commodity markets. "Drill, baby, drill" is nothing short of a myth and populist rallying cry. Tariff policy is impossible for us to predict and doesn't have a clear goal. We want more stability.
- The disconnection of oil and natural gas markets, specifically commodity pricing, seems to be causing a feast-or-famine effect on the industry. Companies with natural-gas-weighted assets will spend more money in 2025

developing their assets, but oil-weighted companies will decrease capital spending with the current pressure on oil pricing for 2025.

- The administration's tariffs immediately increased the cost of our casing and tubing by 25 percent even though inventory costs our pipe brokers less. U.S. tubular manufacturers immediately raised their prices to reflect the anticipated tariffs on steel. The threat of $50 oil prices by the administration has caused our firm to reduce its 2025 and 2026 capital expenditures. "Drill, baby, drill" does not work with $50 per barrel oil. Rigs will get dropped, employment in the oil industry will decrease, and U.S. oil production will decline as it did during COVID-19.
- I have never felt more uncertainty about our business in my entire 40-plus-year career.
- Uncertainty around everything has sharply risen during the past quarter. Planning for new development is extremely difficult right now due to the uncertainty around steel-based products. Oil prices feel incredibly unstable, and it's hard to gauge whether prices will be in the $50s per barrel or $70s per barrel. Combined, our ability to plan operations for any meaningful amount of time in the future has been severely diminished.
- The only certainty right now is uncertainty. With that in mind, we are approaching this economic cycle with heightened capital discipline and a focus on long-term resilience. I don't believe the tariffs will have a significant effect on drilling and completion plans for 2025, although I would imagine most managers are developing contingency plans for the potential effects of deals (Russia-Ukraine deal, Gaza-Israel-Iran deal) on global crude or natural gas flows. Now these contingency plans probably have more downside price risk baked in than initial drilling plans did for 2025.
- Steel prices and overall labor and drilling costs are up relative to the price of oil in 2021 (the same pricing regime but costs are up).
- Oil prices have decreased while operating costs have continued to increase. To stimulate new activity, oil prices need to be in the $75-$80 per barrel range. Natural gas takeaway in the Permian Basin has not improved for any of my properties, and I am still getting paid slightly negative to barely positive prices for natural gas. Last month I was paid 29 cents per million cubic feet. I feel very negative about the short-term outlook for the oil and gas business.
- Geopolitical risk and economic uncertainty continue to cloud our picture looking forward.
- The rhetoric from the current administration is not helpful. If the oil price continues to drop, we will shut in production and do quick drilling.
- Our program is located in central California. California's government continues to undermine permitting by their staff's inactivity and delays. Ongoing actions in that bureaucracy are increasing costs and regulatory hurdles, hampering investment in the state. Often it appears the state is overstepping authority and working to restrict access to private and federal minerals by creating added levels of regulations bureaucracy and reporting requirements, with the cumulative effect being to hamper the industry overall and prevent specific project plans. This is a very serious impediment to developing strategically located oil and gas assets. Additionally, California imports its energy, with much of its natural gas coming from western Canada. Oil is also imported via tanker from foreign countries rather than being responsibly produced by companies paying taxes in state. California is vulnerable. Tariffs will exacerbate all aspects of business and simply put, any tariffs restricting energy (oil, gas or other) could be a large issue for the state. Effectively, the state needs local investment, oil and gas development, and increased state production, but the political management is working to curtail that.
- Drilling projects are increasing from outside sources. Natural gas is very positive.
- The rate of accomplishment of the administration's policy agenda will impact prices for natural gas in a favorable way. Killing the climate change policies and instigating LNG exports, along with the increase in manufacturing and artificial intelligence demands, will increase natural gas consumption. Weather-related demand was higher this year, and that increased the drawdown in natural gas storage.
- Demand has lessened resulting in a lower oil price. The same applies to gas. Unstable capital markets are affecting oil prices. The political climate caused by the new presidential administration appears to be creating instability. Energy markets are not exempt from the loss of public faith in all markets.
- Global geopolitical unrest and the uncertain economic outcomes of the administration's tariff policies suggest the need to hit the pause button on spending.
- The 2025 steel is already purchased; tariffs are most likely to impact 2026 investment decisions.

Oil and Gas Support Services Firms

- Uncertainty around tariffs and trade policy continues to negatively impact our business, both for mid- to long-term planning and near-term costs. Because of trade tension, especially with Canada, a large operator requested

we look to potentially move manufacturing out of the U.S. to support their work in Canada and other international markets.

- Washington's tariff policy is injecting uncertainty into the supply chain.
- Bias is to lower oil prices due to geopolitical factors and the current administration. The potential tariff impact is creating uncertainty around costs for capital items. We have seen price increases already. Also, we have supply chain problems with a handful of specialty items out of the EU, particularly lower explosive limit sensors for monitors needed by employees.
- The increased drilling efficiency and capital discipline by the operator community is undermining the "drill, baby, drill."
- The consolidation of E&P customers is hurting our business.
- We are seeing larger operators reduce rig count as consolidations settle out and the smaller operators pick up those rigs. The rig market has mostly softened to levels conducive to drilling. Casing looks like it will be a bottleneck but not a showstopper. Our outlook is positive as we enter the second quarter of 2025.
- We are all busy here.

Questions regarding the Dallas Fed Energy Survey can be addressed to Michael Plante at Michael.Plante@dal.frb.org or Kunal Patel at Kunal.Patel@dal.frb.org.

Letter to Stockholders Issued by Diamondback Energy, Inc.

May 5, 2025 8:01 PM EDT

MIDLAND, Texas, May 05, 2025 (GLOBE NEWSWIRE) --

Diamondback Stockholders,

This letter is meant to be a supplement to our earnings release and is being furnished to the Securities and Exchange Commission (SEC) and released to our stockholders simultaneously with our earnings release. Please see the information regarding forward-looking statements and non-GAAP financial information included at the end of this letter.

Macro Update
The past two months have been challenging for the U.S. oil and gas industry, as the combination of global economic uncertainty (lower demand) and an increase in expected OPEC+ production (higher supply) has lowered oil prices and increased volatility.

Over the past decade, the cost of supply for the average barrel of oil produced in the United States has increased. The shale revolution has evolved from proof of concept (outspend cash flow to prove up basins) to manufacturing mode (significant growth) and is now in a more mature stage of development (free cash flow generation and return of capital). Today, geologic headwinds outweigh the tailwinds provided by improvements in technology and operational efficiency. On an inflation-adjusted basis, there have only been two quarters since 2004 where front month oil prices have been as cheap as they are today (excluding 2020 which was impacted by the global pandemic). Therefore, we believe we are at a tipping point for U.S. oil production at current commodity prices.

As crude pricing moves lower for a period of time, as it has over the last month, we expect activity to slow and oil production to decline. We currently estimate that the U.S. frac crew count is already down ~15% this year, with the Permian Basin crew count down ~20% from its January peak, and both are expected to decline further. We also expect the U.S. oil directed rig count to be down almost 10% by the end of the second quarter and decline further in the third quarter. As a result of these activity cuts, it is likely that U.S. onshore oil production has peaked and will begin to decline this quarter.

This will have a meaningful impact on our industry and our country. Over the past 15 years, this industry has grown U.S. oil production by 8 million barrels of oil per day to over 13 million barrels per day, a staggering growth trajectory. This growth alone would make the United States the third largest oil producer in the world. Combining both oil and gas production, the United States today produces more than the second and third largest producers, Russia and Saudi Arabia, combined. This has transformed our economy and given the United States a level of energy security not thought possible at the beginning of this century.

In the process, this industry has pushed employment to over 2 million jobs[1], grown GDP, improved our trade balance and reduced our dependence on foreign oil. This represents the best of American ingenuity, strengthening America's standing on the world stage while creating millions of high-paying American jobs. In addition, the tax revenue generated from our industry supports education, infrastructure and health care across the country. For example, in 2024 the Texas oil and gas industry sent over $27 billion in tax dollars to Austin. Per TXOGA, this is more than the total tax revenue of 34 states. Today's prices, volatility and macroeconomic uncertainty have put this progress in jeopardy.

2025 Guidance Update
We believe this is the first true test of the capital returns model we implemented post-COVID that has improved returns and stockholder trust. At Diamondback, we believe we can create long-term value for our stockholders during this volatility by making the right capital allocation decisions – which we believe we are doing through our announcements today. We have spent the last five years positioning the Company to excel in periods of both strength and weakness, and are confident we will build off a strong first quarter to continue delivering differentiated results for our stockholders.

Last quarter, I stressed that we have consistently chosen capital efficiency and Free Cash Flow generation over volume growth for our capital plan. As the macro environment has deteriorated, we are staying true to this thesis and lowering our activity to cut CAPEX, drill and complete fewer wells and maximize Free Cash Flow generation during this period of macro instability. Put simply, we would prefer to use the incremental dollar generated to repurchase shares and pay down debt over drilling and completing wells at these prices today.

Therefore, we are lowering our full year 2025 capital budget to $3.4 - $3.8 billion, down from $3.8 - $4.2 billion previously. This is a reduction of approximately $400 million at the midpoint (10%). We now expect to drill between 385 and 435 gross wells and complete approximately 475 to 550 wells. We are dropping three rigs and one full time completion crew in the second quarter and we expect to be at these levels through the majority of the third quarter. To use a driving analogy, we are taking our foot off the accelerator as we approach a red light. If the light turns green before we get to the stoplight, we will hit the gas again, but we are also prepared to brake if needed.

Should oil prices remain weak or further deteriorate, we will maintain this level of activity, with potential to reduce further if needed. Should the market stabilize and we see consistent oil prices above $65, we have the ability to ramp activity back to previous levels and potentially grow production volumes. Traditionally, we would use this lower service cost environment to build more DUCs ("Drilled but Uncompleted Wells"), but the cost of our largest drilling input cost, casing, has increased over 10% in the last quarter due to steel tariffs.

Due to year to date volume outperformance, we expect that the offsetting oil production effect of this activity change to be minimal. Our updated annual oil production range is now 480 to 495 MBO/d, down just 1% from the midpoint of prior guidance.

As a reminder, we measure our capital efficiency using oil barrels produced divided by total capital spent. Our updated guidance implies full year 2025 oil production per million dollars of cash capital expenditures ("MBO per $MM of CAPEX") of 49.4, ~10% better than the Company's original full year 2025 guidance.

First Quarter 2025 Review
For the first quarter, Diamondback produced 475.9 MBO/d, above the high end of the oil guidance range of 470 - 475 MBO/d. Capital expenditures were $942 million, below the midpoint of our guidance range of $900 million to $1.0 billion.

We generated $2.4 billion of net cash provided by operating activities and $1.6 billion of Adjusted Free Cash Flow of which approximately $864 million,

or ~55%, was delivered to stockholders through our base dividend and buyback program. We once again leaned into buybacks in the first quarter as we felt our share price was materially below the intrinsic value of our business and repurchased approximately 3.7 million shares for ~$575 million, or $157.15 per share. We have continued to actively repurchase shares in the second quarter amidst the increased volatility since April 1st. Through last Friday, we have repurchased 1,965,180 shares for ~$255 million in the second quarter at a weighted average price of $129.71.

Operations Update
Despite the macroeconomic headwinds, the base business continues to execute flawlessly. Our drilling and completions teams remain focused on improving operational performance and driving efficiency gains. During the quarter, our drilling team set multiple records for the Company. We averaged 8.8 days from spud to target depth ("TD"), the fastest average performance in Diamondback history. Since 2018, we have drilled 23 wells from spud to TD in under 5 days and 10 of these wells were drilled in the first quarter. Additionally, we averaged nearly 2,500 lateral feet drilled per day, the best quarterly performance since 2021.

On the completions side, we continue to utilize SimulFrac fleets for nearly all of our completions and are now running four electric Halliburton Zeus fleets. In the first quarter, we averaged approximately 3,500 lateral feet completed per day.

As I mentioned earlier, our cost of casing has already increased by over 10% due to tariffs, the most material cost headwind we are currently fighting. This increases our total well costs by about $6 a foot (~1%), or almost $40 million annually at our current development pace. We expect a combination of service cost reductions and efficiency gains to more than offset this increase as industry activity slows in the coming quarters. As a result, we have lowered our average Midland Basin well cost estimate for 2025 by ~2%.

Double Eagle Acquisition
On April 1st we closed the previously announced Double Eagle acquisition. As I wrote last quarter, we believe this transaction further positions Diamondback to have the best long-term capital efficiency in the Permian Basin through a combination of inventory quality, duration and execution cost structure. We view the Double Eagle asset as the last high-quality, largely undeveloped position in the Midland Basin and have incorporated their 400 core locations into our near-term drilling plan. The operations team has seamlessly integrated this new position into our portfolio and performance on the asset is exceeding initial expectations. Additionally, our partnership to accelerate development on our Southern Midland Basin acreage is underway, which we expect to have significant Free Cash Flow benefits to Diamondback in 2026 and beyond.

Drop Down Acquisition
Last Thursday, Viper shareholders voted to approve the Drop Down and we closed the transaction shortly thereafter. As a reminder, Diamondback sold Endeavor's mineral and override assets to our subsidiary Viper Energy, Inc. in a transaction valued at approximately $4.45 billion at the time of announcement. Diamondback received $1 billion in cash and 69.6 million units of Viper's operating subsidiary. The cash proceeds were used to pay down near-term debt and the units received pushed Diamondback's ownership in Viper to 52% on a fully diluted basis. As we have stated previously, we view Viper as a one-of-a-kind mineral company, with an exciting trajectory that includes unique insight into the Diamondback drill-bit. We continue to believe in the long-term distribution growth potential at Viper, and our pro forma position is worth approximately $6.5 billion assuming Friday's stock price.

Balance Sheet
Pro forma for the close of the Double Eagle transaction, we had approximately $15.7 billion of gross debt and $15.1 billion of net debt on a consolidated basis as of March 31st, with ~$2.5 billion of liquidity at Diamondback.

We used the $1 billion in cash proceeds received as part of the consideration for the Drop Down to pay down our $900 million Term Loan due September of this year. We expect to further reduce our absolute debt levels through organic Free Cash Flow generation, non-core asset sales and strategic open market bond repurchases. As a reminder, we have committed to at least $1.5 billion of asset sales, which we expect will include sales of certain equity method investments, Endeavor's water infrastructure and non-operated assets.

On February 28th, MPLX announced it had signed a definitive agreement with affiliates of WhiteWater and Diamondback to purchase the remaining 55% interest in BANGL, LLC for $715 million. This equates to approximately $130 million for our 10% interest, with additional potential proceeds from an earn out mechanism tied to specific financial performance metrics. We expect this sale to close this summer.

Additionally, we have repurchased ~$220 million of principal of our long-dated bonds for approximately $167 million (including accrued interest), or 75.3% of par value so far in the second quarter. This approach to debt repurchases mirrors our approach on the equity side, opportunistic repurchases at a value discount.

Balance sheet strength is a core tenet of Diamondback's strategy. We continue to have a near-term goal of reducing consolidated net debt to $10 billion and are targeting long-term consolidated net debt of $6 to $8 billion. We do not see debt reduction and share repurchases as mutually exclusive and believe we can execute both. We will allocate a higher percentage of capital to repurchases should commodity price volatility persist or increase. By lowering activity and cutting CAPEX, we also have the ability to pay down debt simultaneously.

Closing
Later this month at Diamondback's 2025 Annual Meeting, I will move into my role as Executive Chairman. I will still be an employee of the Company and will continue to provide advice and guidance to our management team, which will be led by Kaes Van't Hof as CEO. Kaes is a generational talent who I have been fortunate enough to have worked with closely for the past decade. The company is in great hands, and the future could not be brighter for Diamondback.

It doesn't seem that long ago when I was working on a laptop in the kitchen of a small metal field office trying to figure out how to get the company off the ground. It took quite a few twists and turns, but we were able to IPO in October 2012 at a $500 million valuation producing just 3,000 BOE/d. There were some really tough days early on, but as they say – you can't climb a smooth mountain. We were able to survive those first couple of years, move to a period of success and, after multiple large transactions, become significant. Today, we are the largest Permian pure play and the second largest oil producer in the Permian Basin, a size and scale we never dreamed of when we started the Company.

I am so proud of our employees who made this growth possible. Their passion, resilience, and commitment to excellence have shaped our identity and have allowed us to become what we are today. We have the best organization in the industry with a culture where good is never good enough. It is amazing to watch this drive in action and see it translate to the results we deliver quarter in and quarter out.

Thank you to all our employees, past and present, who have put their support in me and Diamondback, trusting us to help you reach your career goals and aspirations. Each of you has been an inspiration to me and it has been such a privilege leading you the past fifteen years.
We are fortunate to have an exceptional Board of Directors, a group who not only helped shape our long-term strategy but also stood firmly behind management through both our greatest successes and our most challenging moments. Their guidance has been instrumental in the Company's growth and evolution.

I am especially grateful to Steve West, our Chairman during our formative first decade. His strategic vision, his steady leadership and, above all, his

enduring friendship have left a lasting imprint on both the Company and me personally. Words fall short in expressing the depth of my appreciation for all he has contributed.

Thank you to our stockholders for believing in us when very few did and supporting us all these years. I am so proud of the Company we have built and the track record of success we have created. We are blessed to live in a country and operate in a state where entrepreneurial spirit is encouraged and nurtured, a place where companies like Diamondback can become the next great American success story.

Sincerely,

Travis D. Stice
Chairman of the Board and Chief Executive Officer

Investor Contact:
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alawlis@diamondbackenergy.com

Forward-Looking Statements:

This letter contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, which involve risks, uncertainties, and assumptions. All statements, other than statements of historical fact, including statements regarding future performance; business strategy; future operations (including drilling plans and capital plans); estimates and projections of revenues, losses, costs, expenses, returns, cash flow, and financial position; reserve estimates and its ability to replace or increase reserves; anticipated benefits or other effects of strategic transactions (including the recently completed Endeavor merger and other acquisitions or divestitures); the expected amount and timing of synergies from the Endeavor merger; and plans and objectives of management (including plans for future cash flow from operations and for executing environmental strategies) are forward-looking statements. When used in this letter, the words "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "future," "guidance," "intend," "may," "model," "outlook," "plan," "positioned," "potential," "predict," "project," "seek," "should," "target," "will," "would," and similar expressions (including the negative of such terms) are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Although Diamondback believes that the expectations and assumptions reflected in its forward-looking statements are reasonable as and when made, they involve risks and uncertainties that are difficult to predict and, in many cases, beyond Diamondback's control. Accordingly, forward-looking statements are not guarantees of future performance and actual outcomes could differ materially from what Diamondback has expressed in its forward-looking statements.

Factors that could cause the outcomes to differ materially include (but are not limited to) the following: changes in supply and demand levels for oil, natural gas, and natural gas liquids, and the resulting impact on the price for those commodities; the impact of public health crises, including epidemic or pandemic diseases and any related company or government policies or actions; changes in U.S. energy, environmental, monetary and trade policies, including with respect to tariffs or other trade barriers, and any resulting trade tensions; actions taken by the members of OPEC and Russia affecting the production and pricing of oil, as well as other domestic and global political, economic, or diplomatic developments, including any impact of the ongoing war in Ukraine and the Israel-Hamas war on the global energy markets and geopolitical stability; instability in the financial markets; concerns over a potential economic slowdown or recession; inflationary pressures; higher interest rates and their impact on the cost of capital; regional supply and demand factors, including delays, curtailment delays or interruptions of production, or governmental orders, rules or regulations that impose production limits; federal and state legislative and regulatory initiatives relating to hydraulic fracturing, including the effect of existing and future laws and governmental regulations; physical and transition risks relating to climate change; those risks described in Item 1A of Diamondback's Annual Report on Form 10-K, filed with the SEC on February 26, 2025, and those risks disclosed in its subsequent filings on Forms 10-Q and 8-K, which can be obtained free of charge on the SEC's website at http://www.sec.gov and Diamondback's website at www.diamondbackenergy.com/investors.

In light of these factors, the events anticipated by Diamondback's forward-looking statements may not occur at the time anticipated or at all. Moreover, Diamondback operates in a very competitive and rapidly changing environment and new risks emerge from time to time. Diamondback cannot predict all risks, nor can it assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those anticipated by any forward-looking statements it may make. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements speak only as of the date of this letter or, if earlier, as of the date they were made. Diamondback does not intend to, and disclaims any obligation to, update or revise any forward-looking statements unless required by applicable law.

Non-GAAP Financial Measures

This letter includes financial information not prepared in conformity with generally accepted accounting principles (GAAP), including free cash flow. The non-GAAP information should be considered by the reader in addition to, but not instead of, financial information prepared in accordance with GAAP. A reconciliation of the differences between these non-GAAP financial measures and the most directly comparable GAAP financial measures can be found in Diamondback's quarterly results posted on Diamondback's website at www.diamondbackenergy.com/investors/. Furthermore, this letter includes or references certain forward-looking, non-GAAP financial measures. Because Diamondback provides these measures on a forward-looking basis, it cannot reliably or reasonably predict certain of the necessary components of the most directly comparable forward-looking GAAP financial measures, such as future impairments and future changes in working capital. Accordingly, Diamondback is unable to present a quantitative reconciliation of such forward-looking, non-GAAP financial measures to the respective most directly comparable forward-looking GAAP financial measures. Diamondback believes that these forward-looking, non-GAAP measures may be a useful tool for the investment community in comparing Diamondback's forecasted financial performance to the forecasted financial performance of other companies in the industry.

[1] According to Texas Independent Producers & Royalty Owners Association (TIPRO) 10th edition of its "State of Energy Report"

DIAMONDBACK ENERGY

Source: Diamondback Energy, Inc.

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Tampa Bay Times

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NEWS / BUSINESS

Florida electric bills skyrocketed recently. Here's why.

Residents are struggling to meet higher costs amid hotter temperatures.

Krystal Pate looks at printouts of her electric bills in her apartment on April 19 in Tampa. [LUIS SANTANA | Times]

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to put a dent in her growing balance with Tampa Electric.

Housing and grocery prices were already rising when recent hikes in Pate's electricity bills added pressure. Last year, Pate often spent well over $300 a month to power her three-bedroom apartment in South Tampa, where she lives with her five kids.

A faulty air conditioning unit added more stress. One month her bill climbed to $455.

In recent years, Floridians experienced a dramatic spike in energy costs, according to a Tampa Bay Times analysis of data from the U.S. Energy Information Administration. Two years ago, energy prices in the state jumped about 17% and kept rising, contributing to a surge in cost-of-living expenses in the region made worse by higher inflation. Those who feel the effects most deeply were already struggling.

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After a hip and leg injury years ago, Pate has had trouble working, she said. Her family depends mostly on her oldest son's wages busing tables at the Westshore Yacht Club to pay the bills.

"Even talking about it breaks my heart because it's hard to live," she said. "Putting this on my son, it's not fair."

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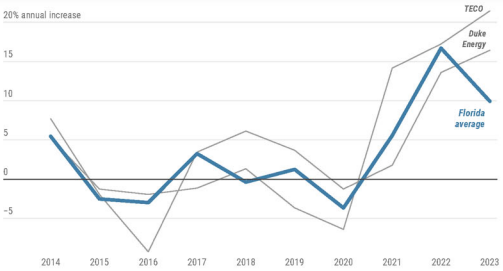

Annual percent increase based on average cost per customer, expressed as cents per kilowatt-hour.
TEGHAN SIMONTON | Times • Source: U.S. Energy Information Administration

What's driven the cost hikes

Last year, Florida's energy bills were the fourth-highest in the nation, the Times found, up from 13th a decade before. Customers paid an average of about $168 a month.

Numerous factors contribute to the costs energy companies pass on to consumers, but in recent years the volatility of natural gas prices have been critical.

Two decades ago, natural gas surpassed coal as the No. 1 fuel burned to create electricity in Florida, and its use has taken off since. Now 74% of the state's electricity is generated from natural gas — nearly twice the national average. As a result, Florida produces less electricity from coal and renewable sources than many other states.

Tampa Bay's leading energy providers maintain the fuel is a reliable and efficient energy source that plays an important role in Florida. Both Tampa Electric and Duke Energy noted the companies are steadily enhancing production of solar energy and investing in ways to use less fuel.

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Still, reliance on natural gas has made the state vulnerable to its cost fluctuat according to reports prepared for the Times by the Florida State University C for Economic Forecasting and Analysis.

"It is alarming to just see these prices keep rising that really the last couple of years," she said. "It's like an apocalypse."

Complex factors, including the Russian invasion of Ukraine, contributed, Harrington said, as the U.S. banned the import of natural gas from Russia, a major global supplier. Abnormally high temperatures in the summer of 2022 and ramped-up worldwide economic activity following the pandemic also increased demand, researchers noted.

While the price of natural gas has begun to stabilize, some of the decreases since 2022 have still been for aberrant reasons. A fire at a key natural gas export facility in Texas forced the facility to shut down, which meant less domestic natural gas shipped overseas and more supply in the U.S. market, Harrington said.

"There was a convergence" of factors, she added, which means prices may continue to drop slowly, "until another catalyst gets it moving again."

The power plant at the TECO Big Bend Power Station, which can use either natural gas or coal, on April 11 in Apollo Beach. [JEFFEREE WOO | Times]

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the price dropped, there has been a lag in translating that re
e Energy and Tampa Electric have twice filed paperwork witl
state regulators to lower the amount customers pay for fuel, the full extent of which could be felt starting this summer, the companies said. Florida utilities not profit from fuel, passing the cost directly to consumers' bills.

Petersburg. "Our customers felt that directly. There are absolutely ways that we were trying to offset those, including continued investments in solar, which then helps to decrease the utilization of certain fuel sources. ... We'll continue to have 100% commitment to reducing those costs."

Some say utilities share the blame

Over a five-year period, the average Tampa Electric bill went up 51%, a Times analysis of federal data through 2023 shows. The average Duke Energy bill rose 28%.

Cherie Jacobs, a Tampa Electric spokesperson, noted the company temporarily reduced prices during the pandemic four years ago. But in subsequent years, data shows prices rose to unprecedented levels, and quickly. After reducing prices about 4% in 2020, the average TECO bill went up about 11% the next year — more than double the rate of annual change in any recent years.

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Meanwhile, both companies have filed requests with state regulators to raise their customers' base rates — a major component of energy bills — by millions of dollars starting next year. The hikes must be approved by the Florida Public Service Commission, which is scheduled to hold hearings in Tampa Bay in June for local utility customers to weigh in.

The requests show how the utility companies bear some responsibility for the spike in bills, critics say.

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Cost of electricity per customer. Expressed in December 2023 inflation-adjusted dollars.
TEGHAN SIMONTON | Times • Source: U.S. Energy Information Administration

Clean-energy advocates point out that Florida's grid would not be so vulnerable to fuel price swings if more of the state's energy came from renewable sources. There's no guarantee there won't be more turbulence in fossil fuel costs in the future, given multiple ongoing wars overseas.

In its request for a base rate increase, Duke Energy has noted that other costs for things like storm resilience will be expiring from customers' bills, predicting customers will pay less next January. Tampa Electric has said that dropping fuel costs could partially offset its request for increases.

Bradley Marshall, a lawyer with the environmental group Earthjustice, said these assertions are "true to a certain extent if you assume we're not going to get hit by any more storms or fuel costs are going to hit this new low and stay this low forever," he said. "Neither of those feel like safe assumptions."

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Marshall is representing multiple groups opposing the two companies' cases before state regulators.

Both companies say their requested rates are necessary. Ana Gibbs, a Duke Energy spokesperson, said it "represents a just and reasonable cost." Interest rates have also gone up, "which makes it more expensive to run our business," Gibbs said.

Jacobs at Tampa Electric pointed to inflation, higher labor costs and interest rates. When a utility is financially healthy, it can borrow money at better rates, which benefits customers, she said.

Krystal Pate looks at a copy of one of her recent electric bills on April 19 in Tampa. [LUIS SANTANA | Times]

Jacobs added that last summer brought record temperatures. This meant air conditioners had to use more energy to keep homes cool — even if thermostats weren't lowered. Floridians already use more electricity than residents in other states because of air conditioning, she said.

"Those issues combined in 2023 as a 'perfect storm' and drove up power bills for our customers," Jacobs said.

Residents feeling the pinch

The communities most hard-pressed to pay their bills are often juggling several other risk factors, said Clara Reynolds, president and chief executive officer of the Crisis Center of Tampa Bay.

calling us, it is really the problem of the day that is pushing t`
Reynolds said. "And it's in that conversation that we're really
at else is going on."

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In Hillsborough County, pleas to the crisis center for assistance with electrici and other utility bills nearly doubled in a single year. Over a one-year stretch

Krystal Pate's daughter Tierra Harris serves herself some rice in their apartment in Tampa on April 19. [LUIS SANTANA | Times]

"They have issues in the child welfare system; they have issues in the juvenile justice system," Reynolds said. "They have issues in the criminal justice system. There is unemployment, there's (barriers to) transportation. The ZIP codes that typically reach out for support — the light bill is just one issue in a myriad of issues going on in their lives."

St. Petersburg also received more than 3,600 applications for a new utilities assistance program with Duke Energy, less than a month after the initiative was announced in March. Three ZIP codes accounted for nearly three-fourths of the applications, all of which are in the southern part of the city, have a higher proportion of Black residents and more residents living below the poverty line than the Tampa Bay average.

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In addition to having less money to pay bills, lower-income families tend to live in older properties that are less energy-efficient than new homes, research shows, which leads to higher costs.

When bills get tight in Jasna Ilisinovic's St. Petersburg home, there's never a question about which one rises to the top of the stack. Her husband has chronic obstructive pulmonary disease and relies on an oxygen machine to breathe — and the machine needs electricity. She marks the bill's due date on her calendar each month.

So when the couple owed more than $300 last summer, as their older air conditioning unit strained to cool their 1970s home during a record-hot July, they needed help. The Pinellas County Urban League agreed to pay that bill and the next month's, taking roughly $800 worth of stress off Ilisinovic, she said, who along with her husband receives disability benefits.

"Our electric bill is No. 1 because he can't live without it," Ilisinovic, 50, said, adding that they have tried to make their house more efficient with things like window curtains and new insulation. "Thank God for (the Urban League) to be here for us."

Krystal Pate, in her Tampa apartment, talks about rising utility costs on April 19. "There's people that don't have a roof, lights or working water, and they still manage," she said. [LUIS SANTANA | Times]

Pate, 40, is still searching for a solution. Her kitchen cabinets are checkered with notes, each one thanking God or one of her five kids for ins

When her unpaid bills feel insurmountable, she reads the neon squares to fee centered. She aims to keep a grateful outlook, remembering that "there's peo that don't have a roof, lights or working water, and they still manage."

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Teghan Simonton is a data reporter on the business and health team. Reach her at tsimonton@tampabay.com.

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Florida Power & Light seeks $9B rate hike with high shareholder profit

Affordability advocates said it is the largest rate hike request in U.S. history.

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Florida Power & Light grid equipment is pictured in Fort Lauderdale. [Miami Herald file, 2016]

By **Emily L. Mahoney** *Times staff*

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represents the largest rate hike request in U.S. history.

Base rates are a major component of electricity bills that also include other charges for things like hurricane repairs and fuel. Above that $9 billion, the company would also be able to add more hikes for solar and battery facilities it constructs during the period.

As part of the request, which was filed to state regulators Friday, the company is seeking a rate of shareholder profit with a midpoint of 11.9% — well above the national average. It's also higher than the profit rate sought by Tampa Electric last year, which the Legislature-appointed public advocate called "egregious" and "crushing" to customers.

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"Rather than finding a fair balance between the needs of customers and their own operations, FPL has chosen to prioritize profit margins," said Zayne Smith, senior director of advocacy at AARP Florida, which represents residents over 50. "This decision threatens to place undue financial strain on households already grappling with rising living costs."

Florida Power & Light serves about 12 million people in the state, including in Manatee County. As the largest utility not just in Florida but in the entire country, it's an influential player in pursuing policies that other companies, like Duke Energy and Tampa Electric, often follow.

Florida Power & Light President and CEO Armando Pimentel said in a statement Friday that the rate hike request was necessary and responsible.

"The balanced plan we submitted to the (Florida Public Service Commission) [illegible]L to continue to make smart investments in the grid and in new [illegible]rces to benefit our customers and to power our fast-growing [illegible] No other utility in the U.S. provides a better combination of reliability, resiliency and low bills than FPL."

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Under the company's proposal, typical residential customers would pay roughly $12 more monthly next year for their base rates. The rates would then keep increasing each year for four years. That means in 2027, the monthly hike would rise to about $19, adding up to hundreds more annually.

Friday's filings did not include monthly estimates for bills in 2028 and 2029.

These increases do not include other parts of power bills that could also fluctuate, such as the way Florida Power & Light customers are paying a fee of about $12 per month on this year's bills for costs associated with 2024 hurricanes.

"Families shouldn't have to decide between turning on the A/C and affording their groceries for the month," said Brooke Ward, senior Florida organizer with the environmental group Food & Water Watch, in a statement. "Gov. DeSantis' Public Service Commission must oppose this egregious ask."

Friday's filing is one step in what will likely be a yearlong process for this case to be evaluated by regulators in the Public Service Commission. Those regulators, all appointed by the governor, just finished approving base rate hikes for Tampa Electric and Duke Energy last year.

Florida Power & Light's rate case comes at a time when the Public Service Commission is under the microscope of other prominent conservatives, which could impact how the regulators approach this request. Last year, the chief justice of the Florida Supreme Court, Carlos Muñiz, called the commission "a black box" because of what he said is insufficient transparency about how they make decisions.

Additionally, a prominent state Republican lawmaker, Sen. Don Gaetz, has filed a bill that would dramatically curb utilities' ability to request profit margins like the one Florida Power & Light is pitching. Gaetz said executives from the company have already met with him to lobby against the bill.

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Florida Power & Light Requests Largest Rate Increase In U.S. History

If DeSantis' PSC approves, nearly 5.3 million households will see higher electricity bills over the next 4 years

Today, Florida Power & Light (FPL) filed a **Petition for Rate Increase** across their 43 county service area to increase rates by $8.961 billion over the next four years in base rates. FPL customers are already paying over $400 more annually than they were 5 years ago. The proposed rate increase would potentially add **an additional $11.52 per month increase in base rates to the 1000kWh residential customer in 2026**, increasing to **$18.57 more per month in 2027**, a 22% increase — or $360 more — over the next two years. Additional rate hikes are expected in 2028 and 2029.

n 2021, FPL was awarded the largest utility increase in Florida history at **$5 billion**. The rate hike filed today is nearly double that amount.

This is the largest rate hike request in United States history, impacting nearly 12 million people. The historic move from one of America's biggest power utility operators is the latest in a string of unpopular corporate utility rate cases in Florida, hotly contested by residents demanding a transition off volatile, costly fossil fuels. Florida utilities today are reliant on fossil fuels, whose costs are volatile and rely on expensive infrastructure. Fracked gas is used to produce 73% of FPL's energy.

FPL is also requesting a return on equity of 11.9% — well over the **national industry average of 9.6%.** A "return on equity" (ROE) refers to the percentage of profit a utility company generates relative to the amount of money invested by shareholders, essentially representing the return investors receive on their equity stake. Last year, Duke and Tampa Electric were awarded ROEs well below that threshold.

Brooke Ward, Senior Florida Organizer with Food & Water Watch said:

"Floridians across the state want affordable, clean energy and deserve leadership that will prioritize that. Instead, Gov. DeSantis and greedy utilities expect Floridians to bankroll an unsustainable fossil fuel reliance and pad corporate profits. We need to see leadership that advocates for an affordable future because if FPL's ask is approved, it's going to wreak havoc on millions of families struggling to survive. Families shouldn't have to decide between turning on the A/C and affording their groceries for the month. Governor DeSantis' Public Service Commission must oppose this egregious ask."

"This would be the largest rate increase in United States history, and that's why we're fighting it," said **Bradley Marshall, Senior Attorney with Earthjustice, representing Florida Rising, LULAC, and ECOSWF.**

Chelsea Rivera, Policy Organizer at Central Florida Jobs with Justice stated, "Floridians work hard to keep their families healthy and safe, but the rising prices of property insurance, utility bills, and overall cost of living means many of us are struggling to put food on the table and keep our lights on. Increasing utility rates will increase the financial burden on our already-struggling communities. We demand that the PSC and policymakers intervene on behalf of hardworking families across the state and deny FPL's greed-motivated rate hike request."

"Florida Power & Light (FPL) has proposed yet another rate increase, a move that will place additional financial burdens on consumers and communities across the state. At a time when many families are already struggling with the rising cost of living, higher utility bills will only add to their economic hardships, forcing difficult choices between essential expenses like food, healthcare, and housing," said **Mary Gutierrez, Scientist and Director for Earth Ethics, Inc.** "This reason, among others, is why FPL's request for a rate increase must be thoroughly scrutinized to ensure that it serves the public good rather than corporate profits. We urge regulators and policymakers to prioritize the well-being of Florida residents and explore alternative solutions that promote affordable, sustainable, and equitable energy policies."

"Florida Power & Light's rate hike will impact low-income households and struggling small businesses the hardest. For more than a decade, hardworking Floridians have not seen changes in their wages, yet the cost of living has steadily increased. While our communities struggle to make ends meet on the same income, they also face more frequent heat waves and cold fronts, leading to skyrocketing electric utility bills," said **Maria Claudia Schubert Fontes, Climate Justice Manager for Catalyst Miami.** "This rate case further burdens Florida households as they will be forced to pay well over their fair share to subsidize the rates paid by commercial and industrial customers. We are calling on the Governor and PSC to ensure they listen to the needs of residential utility customers."

"FL Power and Light is once again asking for an outrageous rate of profit in their requested rate increase," said **Christian Wagley, Coastal Organizer for Healthy Gulf in Pensacola, FL.** "Residents of NW Florida are already suffering under FPL's rates that have remained among the very highest in the state for the past three years, even after the utility promised us that our bills would go down when they took over Gulf Power Co. in 2022."

Yoca Arditi-Rocha, Executive Director of The CLEO Institute added, “Monopoly utilities should not be making excessive profits at the expense of families and businesses struggling to make ends meet. For FPL’s Panhandle customers, this historic rate hike request is on top of a 64% increase from 2020-2023 which occurred after FPL bought Gulf Power. We need our leaders to stand up for people suffering in this affordability crisis. Keeping the lights on is a necessity not a luxury.”

“FPL’s proposed rate increase is a clear attempt to prioritize corporate profits over the well-being of Florida’s residents. At a time when students are already burdened with rising tuition costs and families are struggling to make ends meet, this hike will only push essential needs out of reach for those who need them most,” said **Alyssa White,Climate Justice Organizer with Florida Student Power Network** “With record profits already in hand, FPL’s focus remains on enriching shareholders rather than serving the people. We cannot allow corporate greed to dictate the future of our communities. It’s time to put people first and reject this unjust rate increase.”

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The New York Times https://www.nytimes.com/2022/05/03/business/energy-environment/high-electric-bills-summer.html

Get Ready for Another Energy Price Spike: High Electric Bills

Rates have jumped because of a surge in natural gas prices and could keep rising rapidly for years as utilities invest in electric grids.

By Ivan Penn

May 3, 2022

The DealBook Newsletter Our columnist Andrew Ross Sorkin and his Times colleagues help you make sense of major business and policy headlines — and the power-brokers who shape them. Get it sent to your inbox.

Already frustrated and angry about high gasoline prices, many Americans are being hit by rapidly rising electricity bills, compounding inflation's financial toll on people and businesses.

The national average residential electricity rate was up 8 percent in January from a year earlier, the biggest annual increase in more than a decade. The latest figures, from February, show an almost 4 percent annual rise, reaching the highest level for that month and approaching summer rates, which are generally the most expensive.

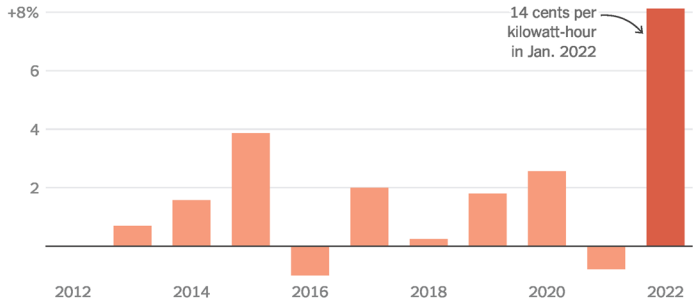
In Florida, Hawaii, Illinois and New York, rates are up about 15 percent, according to the Energy Department's latest figures. Combined with a seasonal increase in the use of electricity as people turn on air-conditioners, the higher rates will leave many people paying a lot more for power this summer than they did last year.

The immediate reason for the jump in electric rates is that the war in Ukraine has driven up the already high cost of natural gas, which is burned to produce about 40 percent of America's electricity. And supply chain chaos has made routine grid maintenance and upgrades more expensive.

What is particularly worrisome, energy experts said, is that these short-term disruptions could be just the start. They fear that electricity rates will rise at a rapid clip for years because utilities and regulators are realizing they need to harden electric grids against natural disasters linked to climate change like the winter storm that left Texas without power for days last year. Power companies are also spending more on new transmission lines, batteries, wind turbines, solar farms and other gear to reduce greenhouse gas emissions.

The Rising Price of Home Electricity in the U.S.

Year-over-year change in average prices in January each year



Source: U.S. Energy Information Administration • By The New York Times

U.S. utilities could spend hundreds of billions of dollars in the coming years to repair and upgrade grids.

Almost all of those costs will filter down to monthly electric bills.

"This is an affordability emergency," said Mark Toney, executive director of The Utility Reform Network, or TURN, which represents ratepayers in California, where rates in February were up 12 percent from a year earlier and utilities are asking regulators to approve further increases. "If you want to control inflation, one of the things you have to control is energy costs."

Natural gas prices have surged in recent months as U.S. producers have sent more fuel to Europe, which wants to use less Russian gas. Utilities in a few places, like Hawaii and Puerto Rico, rely on some power plants fueled by oil, which has also become much more expensive. The price of coal, which accounts for roughly 20 percent of U.S. electricity, has gone up, too.

The Biden administration has been urging the industry to produce more oil and natural gas, but energy experts say it could take a year or two to significantly increase supplies.

Demand for electricity is also rising because of climate change. The National Weather Service expects this summer to be hotter than average in most of the country. People who can least afford higher bills could feel the pain the most because most moratoriums on power shut-offs during the pandemic have ended. Last month, the White House sought to soften the blow of higher bills by making hundreds of millions of dollars available for home energy assistance.

"Consumers are going to pay the price for this," said Gordon van Welie, chief executive of ISO New England, the electric grid operator in the Northeast, where electric rates are among the highest in the country. "The reality is we're going to be dependent on gas for a very long time."

How Home Electricity Rates Have Changed Around the U.S.

Cents per kilowatt-hour

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State	January 2021	January 2022	Percent Change
Hawaii	$0.31	$0.37	23%
Louisiana	$0.10	$0.11	17%
New York	$0.18	$0.21	15%
Florida	$0.12	$0.13	15%
Kentucky	$0.10	$0.12	14%
Oklahoma	$0.09	$0.10	14%
Massachusetts	$0.22	$0.25	13%
New Hampshire	$0.19	$0.21	12%
Nevada	$0.12	$0.13	12%
Colorado	$0.12	$0.14	12%
Maine	$0.17	$0.18	11%
Tennessee	$0.10	$0.12	11%
California	$0.21	$0.24	10%
Arkansas	$0.09	$0.10	10%
Virginia	$0.11	$0.12	10%
Indiana	$0.12	$0.13	9%
Pennsylvania	$0.13	$0.14	8%

Note: Rates have been rounded to the nearest cent. • Source: Energy Information Administration • By The New York Times

Even the cost of wind turbines and solar panels, which had been falling for years, has risen recently because of supply chain problems. But analysts said that over the next decade those renewable sources should help tamp down energy costs, reducing the toll that volatile oil, natural gas and coal prices can take on family budgets and business profits.

The problem is that building new wind and solar installations and the related power lines and batteries will have an upfront cost.

“Wind, solar and hydro are exactly what you need,” said Mark Cooper, a senior fellow for economic analysis at the Institute for Energy and the Environment at Vermont Law School. “We should have been much further along in the transition, which we haven’t been.”

Relying more on the grid

Residents of Massachusetts and other New England states have long endured some of the highest electricity rates in the country. Then in January, rates jumped again. And government forecasters say summer temperatures in the Northeast will be far above normal.

Natural gas sells for about two to three times as much as it did two or three years ago, when a glut sent prices tumbling. New England faces an additional challenge: It does not have enough pipeline capacity to import the fuel from producers like Texas or Pennsylvania.

Some cities and towns in Massachusetts are trying to rely less on gas, including by seeking to ban its use in new buildings. Local and state officials want builders, homeowners and businesses to switch to greener technologies like heat pumps, which operate on electricity, rather than a furnace powered by natural gas or oil. Massachusetts is also encouraging people to buy electric cars to reduce gasoline use.

While those technologies use less energy than furnaces and gasoline cars, they place new demands on the electricity network, forcing utilities to build more wind and solar farms and power lines, Mr. van Welie said. “You’re putting more and more of your eggs in the same basket, which is the grid,” he said.

As utilities spend more, rates will climb further. The national average residential electricity rate in the first two months of the year was nearly 14 cents per kilowatt-hour. In Massachusetts the average exceeded 25 cents in February. Hawaii topped all 50 states at more than 38 cents.

The Energy Information Administration, a federal agency, forecasts that rates a year from now will average about 15 cents a kilowatt-hour, or $150 a month for the typical household that uses 1,000 kilowatt-hours.

Power companies are spending more on new transmission lines, batteries, wind turbines, solar farms and other gear to reduce greenhouse gas emissions. Mason Trinca for The New York Times

Some people find that it can be hard to escape high energy bills, even when they conserve.

Thomas Popik moved to Arlington, Mass., a Boston suburb, from New Hampshire in December after buying a home that uses a heat pump. But Massachusetts's electricity rates are so much higher than in New Hampshire, where they averaged about 22 cents per kilowatt-hour in February, that his monthly bills are about the same in a more efficient home.

Mr. Popik plans to add solar panels to further reduce his costs and environmental footprint. And if electricity rates continue to climb and service is unreliable during bad weather, he said, he may disconnect from the grid — an approach embraced by some residents of California.

"You're going to see more and more people doing that kind of thing, especially if rates become unreasonable," said Mr. Popik, who is the chairman and president of the Foundation for Resilient Societies, a nonprofit group that focuses on critical equipment and services like electricity, fuel, telecommunications and aviation. "Solar, battery, backup generator — under that paradigm, why should I be charged high electricity rates?"

Utility executives said they understood that growing frustration. Mr. van Welie of ISO New England said federal and state officials needed to come up with policies that lowered the cost of energy, including by using renewable energy more efficiently.

But in a highly polarized political system, there are few energy reforms that can win bipartisan support. President Biden's signature energy and climate proposal has stalled in Congress because the measure has no Republican backing and Democrats have a narrow majority.

"It's going to require government and regulatory direction, and that's hard to get here in the U.S.," Mr. van Welie said.

Renewable energy could help lower costs

Rates in the first two months of the year were lower than a year earlier in fewer than a dozen states. Most were in the Midwest and Northwest — areas that rely extensively on wind or hydroelectric power, which tend not to be affected by the swings of global commodity markets.

In Oregon, for example, electric rates fell almost 1.5 percent in January and less than 1 percent in February, though some companies like Portland General Electric did raise rates modestly. Even so, rates at that utility remain well below the national average. The utility, the largest in the state, gets about 20 percent of its electricity from hydroelectric dams, 13 percent from wind turbines and 2 percent from solar panels.

The utility has also recently installed software to improve its ability to incorporate energy from sources like rooftop solar panels and batteries on a neighborhood-by-neighborhood and business-by-business basis. This gives the company more control and flexibility.

Many electric grid operators and utilities have not invested in such tools and cannot monitor and control small energy systems to choose — the lowest-cost renewables over the course of the day, taking into account whether the sun is shining and wind is blowing.

“We have been focused on renewable energy for over a decade, leveraging technologies to allow us to integrate ever-increasing amounts of renewables at the lowest cost for customers,” Maria M. Pope, the chief executive of Portland General, said in an interview.

In much of the United States, utilities are fighting the growth of rooftop solar. Regulators in California have proposed greatly reducing incentives for residential solar systems, though the measure has stalled because of opposition from the solar industry and homeowners. In Florida, Gov. Ron DeSantis recently vetoed a bill backed by utilities that would have effectively gutted incentives for rooftop panels.

Still, utility executives said they were cognizant that they couldn’t just keep raising rates, especially as more people used the grid to power electric cars and heat pumps.

Overall, the greater reliance on the electric grid will reduce costs, said Richard McMahon, senior vice president energy supply and finance at the Edison Electric Institute, a utility industry group. Electric cars and heat pumps, for example, will require less maintenance, do away with fill-ups at gas pumps and reduce heating bills.

“Customers are going to need to think bigger picture: What’s my total energy costs?” Mr. McMahon said.

The Energy Information Administration expects average electricity rates to fall to about 10.5 cents per kilowatt-hour by 2030 and roughly 10 cents by 2050 because of a greater use of renewable energy.

"This is a race between getting to the future and being stuck in the past," said Mr. Cooper, the senior fellow at the Vermont Law School. "The future is less expensive."

***A correction was made on May 3, 2022**: An earlier version of a chart with this article misstated the average price of electricity by state. The average cost is calculated in cents per kilowatt-hour, not dollars per kilowatt-hour.*

When we learn of a mistake, we acknowledge it with a correction. If you spot an error, please let us know at nytnews@nytimes.com. Learn more

Ivan Penn is a Los Angeles-based reporter covering alternative energy. Before coming to The Times in 2018 he covered utility and energy issues at The Tampa Bay Times and The Los Angeles Times.

A version of this article appears in print on , Section B, Page 1 of the New York edition with the headline: Red-Hot Summer Approaches Electric Bills Are Latest to Spike