Congress of the United States
Washington, DC 20515

December 15, 2021

The Honorable Lina Khan
Chair
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington, DC

Dear Chair Khan,

As energy prices continue to rise, the President was quick to blame market participants and call for an investigation by the Federal Trade Commission (FTC).[1] The November 17, 2021 letter sent to you by the President appears to be a politically motivated effort to shift focus away from the real causes of increasing prices at the pump, among which include the policies, both implemented and announced, of the current administration. We are writing to request that, as part of your investigation into higher gas prices, you include an analysis of the impact of Biden Administration policies (listed below) on the current rise in gas prices as well the expected impact on future energy prices.

As noted in a Congressional Research Service report: "Energy prices can fluctuate based on **current energy supply** and demand conditions, **expectations about future supply** and demand, and financial market conditions."[2] Actions by the Biden administration have, without question, changed expectations about future supply without material impact on projected future demand. In October of this year, the Energy Information Agency (EIA) within the Department of Energy released its projection on future demand of fossil fuels.[3] Under every scenario modeled, EIA projects an increase in both domestic and global demand of oil and natural gas over the coming decades. Yet, as demand increases, the Biden administration has relentlessly pursued policies designed to constrain energy supply and make any remaining domestic production and refining of oil and gas more expensive. In fact, the President's Fiscal Year 2022 Budget Request for the U.S. Army Corps of Engineers specifically lists as one of its three key objectives "not funding work" that "lowers the cost of production" or "lowers the cost of consumption" of fossil fuels.[4] In other words, a budget priority of the administration is to NOT make gas at the pump less expensive for American consumers. In addition, a nominee of President Biden recently expressed a desire for businesses in the energy sector to go bankrupt saying, "We want them to

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[1] https://www.nytimes.com/interactive/2021/11/17/us/ftc-gas-prices.html
[2] https://sgp.fas.org/crs/mideast/R41683.pdf
[3] https://www.eia.gov/outlooks/ieo/tables_side_pdf.php
[4] Office of Management and Budget, Appendix Budget of the United States Fiscal Year 2022, Corps of Engineers—Civil Works, available at https://www.whitehouse.gov/wp-content/uploads/2021/05/coe_fy22.pdf.

go bankrupt…"[5] That statement simply echoes what then-candidate Biden said in 2020, "We are going to get rid of fossil fuels."[6] Actions have consequences and markets respond.

Further influence on behavior of energy market participants is the dramatic shift in policy direction from the previous administration that prioritized energy security and low energy prices. The whipsaw in Washington from prioritizing energy security to encouraging energy scarcity has undoubtedly changed both current supply and "expectation about future supply." The change in direction has very likely influenced capital investment decisions that impact supply and, ultimately, the price of gas.

The expectation of reduced *domestic* supply causes further concern about gas prices. Increased domestic production over the last few decades has reduced the risk of oil shocks and resulting stagflation. As recently noted by energy analysts, a leading reason for the reduced vulnerability to oil shock prices is because "the U.S. produces more oil domestically, reducing our reliance on foreign production… Therefore, a rise in oil prices today redirects more income between domestic consumers and producers than it did previously, cushioning some of the negative impact of an oil shock."[7] Biden administration policies designed to reduce domestic supply reintroduces the potential risk to oil shock prices that the nation hasn't seen in some time. Not surprisingly, the market response to increased risk is increased pricing.

In light of the President's November 17th letter calling for an FTC investigation into higher gas prices, we respectfully request that any such investigation include an analysis of the impact of Biden administration pronouncements, policies, and proposals on current, near-term, and long-term gas and energy prices. Please include in your analysis how these actions influence the capital investment decisions of domestic oil and gas producers and refiners, and how those decisions influence gas prices. Specifically, we request that you determine the impact (individually and collectively) on current gas prices and future energy prices of the following actions and pronouncements by the Biden administration:

- Executive Orders to stop offering and prevent future development of fossil fuels on federal lands and waters, even canceling already planned offerings.
- White House Environmental Justice Advisory Council recommendations to oppose the research, development, construction, and maintenance of infrastructure projects such as pipelines, power plants, electrical transmission, capture carbon technology, roads, highways, and bridges.
- Revoked permits to construct, connect, operate, and maintain the Keystone XL pipeline.
- Imposing up to $10,000 per mile fees on offshore pipelines.
- Imposing a significant "severance tax" on every barrel produced on federal lands and waters.
- Increasing royalty payments to the U.S. Treasury to 20%.
- Increasing the bonding and surety requirements to more than 15 times current levels.

[5] https://nypost.com/2021/11/11/biden-treasury-pick-saule-omarova-wants-fuel-companies-to-go-bankrupt/
[6] https://www.atr.org/joe-biden-we-are-going-get-rid-fossil-fuels?amp
[7] https://oilprice.com/Energy/Oil-Prices/How-An-Oil-Price-Shock-Will-Hurt-The-US-Economy.html

- Repetitive statements and actions by senior U.S. Securities and Exchange Commission (SEC) officials on intent to weaponize enforcement authorities against the fossil fuel industry, requiring unnecessarily detailed climate disclosure.
    - March 4, the SEC established the "Climate & ESG Task Force" to police and pursue "threatening disclosure gaps."
    - March 15, then Acting Chair Allison Herren Lee, initiated revisions to climate disclosure regulations.
    - July 13, Acting Director of Enforcement Melissa Hodgman, "warned that, in addition to 'increased scrutiny'" we may well see more ESG disclosure-related enforcement actions in general."
- August 16, discriminatory U.S. Treasury guidance was released titled, *"Fossil Fuel Energy Guidance for Multilateral Development Banks"* whose sole purpose is to stop investment in fossil fuel projects.
- February 26, the White House Interagency Working Group on the Social Cost of Greenhouse Gases inflated "interim estimates" of the social costs of carbon, methane, and nitrous oxide at $51, $1,500, and $18,000 per ton, respectively.
- October 13, Department of Labor proposed a rule to revise longstanding regulation and prohibit multi-billion-dollar pension fund investment in the fossil fuel industry titled *"Prudence & Loyalty in Selecting Plan Investments & Exercising Shareholder Rights."*
- The President's Fiscal Year 2022 Budget, direction to the U.S. Army Corps of Engineers, and request of Congress, to not fund the construction or maintenance of projects that would lower the cost of gas, diesel, or energy derived from fossil fuels.
- Lack of enforcement and full implementation of the U.S.-Mexico-Canada Agreement, to support U.S. energy companies and ensure Mexico abides by the agreement.
- Canceling the Council on Environmental Quality's 2020 regulations that modernized the nation's project delivery system, proposing instead to reinstate the old and bureaucratic permitting process.
- Slow walking, if not outright sitting on, non-Free Trade Agreement applications to export liquefied natural gas.

Thank you for your attention to this matter. We look forward to a prompt response and respectfully request your reply by no later than December 29th.

Sincerely,

Stephanie L. Bice

Garret Graves
Member of Congress

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