U.S. House Energy and Commerce Committee
Subcommittee on Energy Hearing
Power America's Future: Unleashing American Energy

Congressional Testimony of Tyler O'Connor
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February 5, 2025

Good morning, Chairman Latta, Ranking Member Castor, Chairman Guthrie, Ranking Member Pallone, and members of the Subcommittee. Thank you for the opportunity to testify. I am here today in my personal capacity, and not on behalf of my firm or any client.

My name is Tyler O'Connor, and I am a Partner in the Washington, D.C. office of Crowell & Moring LLP, where I co-lead the Energy team. In that role, I primarily represent generation and transmission developers, energy asset owners, manufacturers of energy components, and producers and refiners of critical minerals. Prior to joining Crowell, I served as the Energy Counsel to the House Energy and Commerce Committee during the 117th Congress, where my portfolio included the Federal Power Act and Natural Gas Act. I also had the distinct privilege, with many others, of working on the Inflation Reduction Act ("IRA") and Infrastructure Investment and Jobs Act ("IIJA"), two pieces of legislation that are the bedrock of our country's energy dominance agenda.

This Subcommittee hearing could not be more timely. Our country is at a crossroads. We are producing record amounts of oil and gas, American manufacturing is booming thanks to the IRA and IIJA, and our geopolitical adversaries, like China and Russia, are struggling to keep pace with American ingenuity and resolve. In other words, we have unleashed American energy. However, there is still work to be done. As this Committee heard last Congress, artificial intelligence and data centers are increasing load growth for the first time in more than two decades, worsening extreme weather is threatening electric reliability, and critical mineral supply chains have begun to move back to the United States. Moreover, while large-scale energy infrastructure is challenging to build in any environment, recent policy uncertainty—in the form of tariffs, federal funding freezes, permitting pauses, and threats to repeal tax incentives—is quickly undermining business confidence in the United States.

My testimony will touch on each of these topics, including the importance of maintaining incentives that are critical to inducing new investment in the United States, and avoiding policy pitfalls that may undermine the American energy dominance agenda.

I. American Energy Dominance.

The United States has successfully implemented an "all of the above" energy agenda. We are currently the world's largest oil and natural gas producer, by a large margin.[1] As the Energy Information Administration succinctly noted last year: the "United States produces more crude oil than any country, ever."[2] Exports of liquified natural gas are likewise at an all-time high.[3]

At the same time, the IRA and IIJA have spurred considerable new investments in clean energy technologies, manufacturing, and the electric grid. A recent report by ICF International, Inc. estimates that the IRA will ultimately stimulate nearly $2 trillion in capital investments, increase household income by $846 billion, create 13.7 million jobs, and boost annual gross domestic product by an annual average of approximately 0.6%.[4] In the last two years alone, the IRA and IIJA have induced $422 billion in clean energy generation and manufacturing projects,

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[1] U.S. Energy Information Administration, *United States Produces More Crude Oil Than Any Country, Ever* (Mar. 11, 2024), https://www.eia.gov/todayinenergy/detail.php?id=61545; Maguire, G., *US Keeps its LNG Exports Crown Even as Luster Fades* (Dec. 18, 2024), https://www.reuters.com/business/energy/us-keeps-its-lng-exports-crown-even-luster-fades-maguire-2024-12-17/#.

[2] U.S. Energy Information Administration, *United States Produces More Crude Oil Than Any Country, Ever* (Mar. 11, 2024), https://www.eia.gov/todayinenergy/detail.php?id=61545.

[3] Paraskova, T., *U.S. Remains the World's Top LNG Exporter as Shipments Hit Record High*, OilPrice.com (Dec. 17, 2024), https://oilprice.com/Latest-Energy-News/World-News/US-Remains-the-Worlds-Top-LNG-Exporter-as-Shipments-Hit-Record-High.html#:~:text=The%20United%20States%20will%20remain,by%20Reuters%20columnist%20Gavin%20Maguire.

[4] ICF International, Inc., *Economy-wide Impacts of the Inflation Reduction Act Energy Provisions* at 6, 70, (Dec. 19, 2024), https://cleanpower.org/wp-content/uploads/gateway/2024/12/Economy-wide-Impacts-of-the-Inflation-Reduction-Act-Energy-Provisions.pdf.

resulting in more than 406,000 new jobs across the continental United States and Puerto Rico.[5] Of those jobs, more than half are located in Republican-held Congressional districts.[6]

Importantly, both the IRA and IIJA have helped promote long-term investments across a wide array of industries and technologies. For instance, the IRA includes robust incentives to produce energy components and critical minerals in the United States instead of importing them from China.[7] I have personally worked with companies that have reoriented their supply chains in response to the IRA's incentives so that components that were formerly made abroad are now made in the United States.

The IRA established programs and tax credits that incentivize nuclear energy,[8] carbon capture and storage ("CCS"),[9] hydrogen production,[10] and sustainable aviation fuels.[11] For example, the Palisades nuclear plant, located on the shores of Lake Michigan, received a loan guarantee from the Department of Energy ("DOE") to bring once-retired baseload power back online. It is no surprise, then, that the Nuclear Energy Institute described the IRA as "the single most important piece of legislation for nuclear in decades."[12] Other companies are also availing themselves of the IRA to facilitate nuclear development. For instance, Georgia Power in its recent Integrated Resource Plan indicates that it is pursuing funding from DOE's Loan Guarantee Program to finance upgrades to its nuclear power plants.[13]

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[5] Climate Power, *The State of the Clean Energy Boom* at 3 (updated Jan. 14, 2025), https://climatepower.us/clean-energy-boom-report/.
[6] *Id.* at 46.
[7] 26 I.R.C. § 45X.
[8] 26 I.R.C. § 45U.
[9] 26 I.R.C. § 45Q.
[10] 26 I.R.C. § 45V.
[11] 26 I.R.C. § 40B.
[12] Carpenter, M., *Ask an Expert: The Inflation Reduction Act and Big Legislative Support for Nuclear*, Nuclear Energy Institute (Feb. 2, 2023), https://www.nei.org/news/2023/ask-an-expert-inflation-reduction-act-and-nuclear.
[13] Georgia Power, *2025 Integrated Resource Plan* at 65 (Jan. 2025), https://www.georgiapower.com/content/dam/georgia-power/pdfs/company-pdfs/2025-Integrated-Resource-Plan.pdf.

The IRA's benefits are not just limited to nuclear power. As Mr. Brigham McCown, who is also testifying at this hearing has explained, the CCS industry has "scaled in recent years, spurred on by new research and policy changes like the Inflation Reduction Act and the Infrastructure Investment and Jobs Act, and is fast reaching a critical mass. With more than 500 projects at various stages of development around the world, CCS will help to significantly reduce the rate of climate change while guaranteeing the security of supply."[14]

The IRA's technology-neutral tax credits also support the deployment of generation needed to power American industries. According to an analysis by the Rhodium Group, the technology-neutral tax credits, alone, are expected to add almost 310 gigawatts of generation to the grid by 2030, helping to serve growing demand for electricity.[15] To that end, both the IIJA and IRA have spurred significant investments in strengthening and modernizing the electric grid, including to protect the grid from the impacts of extreme weather,[16] facilitate interregional transmission projects,[17] and work with communities that are impacted by critical grid infrastructure.[18]

Consumers are also benefitting from the IRA. An analysis by the Office of Economic Policy shows that approximately 3.4 million American families in 2023 utilized tax credits to lower the cost of clean energy and energy efficiency upgrades.[19] The energy efficiency rebate incentives championed by this Committee have also helped lower costs for American families. In

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[14] McCown, B., *Boycotting Climate Conference Ignores Delicate Balancing Act Required to Decarbonize*, Hudson Institute (Oct. 30, 2023), https://www.hudson.org/energy/boycotting-climate-conference-ignores-delicate-balancing-act-required-decarbonize-brigham-mccown.

[15] King, B., et al., *Tech-Neutral Tax Credits: The Foundation of US Electric Power Decarbonization* at 5, Rhodium Group (May 23, 2023), https://rhg.com/research/tech-neutral-tax-credits-electric-power/.

[16] Department of Energy, *Grid Resilience and Innovation Partnerships (GRIP) Program* (last visited Feb. 2, 2025), https://www.energy.gov/gdo/grid-resilience-and-innovation-partnerships-grip-program.

[17] Department of Energy, *Transmission Facilitation Program* (last visited Feb. 2, 2025), https://www.energy.gov/gdo/transmission-facilitation-program.

[18] Department of Energy, *Transmission Siting and Economic Development Grants Program* (last visited Feb. 2, 2025), https://www.energy.gov/gdo/TSED.

[19] Department of Treasury, *U.S. Department of the Treasury Releases New Data on American Consumer Energy Savings Under Inflation Reduction Act* (Aug. 7, 2024), https://home.treasury.gov/news/press-releases/jy2521#.

addition to these energy efficiency programs, millions of Americans have benefitted from lower electricity costs as a result of the IRA.

II. Repealing Incentives, Imposing Tariffs, and Creating Regulatory Uncertainty Will Undermine American Energy Dominance.

The President and Congress are currently undertaking, or contemplating, several courses of action that appear to contradict the Administration's goal of promoting American energy dominance by making it more difficult and expensive to serve growing electricity demand.

A. Repealing the IRA and IIJA, or Pausing Federal Funding, Will Harm American Competitiveness, Increase Costs, and Cost American Jobs.

Repealing the IRA and IIJA, or refusing to distribute appropriated funding, will deprive industry of critical incentives needed to meet growing load. A report by Aurora Energy Research found that eliminating IRA incentives could decrease investment by $336 billion, cost 97,000 jobs, and increase household electricity bills by an average of 10%.[20] The then-interim CEO of American Electric Power explained last year that "[i]f the IRA is repealed, it would increase the cost of power and make it harder to serve increasing demand as large customers may look to other countries to serve their load at a cheaper price. Maintaining the IRA and the nuclear and technology neutral tax credits helps to keep America competitive."[21]

Repealing the IRA and IIJA would also put American companies at a disadvantage relative to Chinese and other global competitors, which continue to invest in clean energy supply chains and development. Federal incentives are successfully luring new energy manufacturing facilities to the United States, making us less dependent on geopolitical adversaries. We should

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[20] Aurora Energy Research, *Removal of Technology-Neutral Clean Energy Tax Credits Could Cost Upwards of $336 Billion in Investment, Increase Electricity Bills 10% for Consumers* (Jan. 6, 2025), https://auroraer.com/media/reform-to-clean-energy-tax-credits/.

[21] Fowke, B., *Statement of Ben Fowke Before the Senate Committee on Energy & Natural Resources* at 10 (May 21, 2024), https://www.energy.senate.gov/services/files/7F2AC3C4-87CB-4562-99F8-5BB999FC6433.

not repeal incentives that are successfully restoring American global manufacturing leadership and cede the playing field to China.

B. Tariffs Would Make it More Expensive to Build Energy Infrastructure in the United States and Would Raise Prices at the Pump.

Tariffs on Canada and Mexico would make it more expensive to build energy infrastructure in the United States and will increase the price of gasoline, diesel and jet fuel, particularly for consumers in the Midwest and New England.

American energy companies, like other industries, relied on the United States-Mexico-Canada Agreement to establish supply chains that bolstered manufacturing in North America while keeping costs low for consumers. By taxing imports of key components used in energy projects, tariffs would make it more expensive to build electric generation in the United States, at the exact time the President has declared an energy emergency. Tariffs therefore not only risk increasing costs for ratepayers but exacerbating resource adequacy concerns. As the American Petroleum Institute has explained, "America's booming energy renaissance and economy are threatened by quotas and tariffs on imported steel that is vital for many American industries."[22]

Tariffs on Canadian oil imports would also increase the price at the pump. Refineries in the Midwest predominantly rely on imported Canadian oil, and do not have other significant sources of domestic supply, while other regions use products refined in Canada, such as gasoline, diesel, and heating oil. Consumers in the Midwest would unfortunately bear the brunt of tariffs on Canadian oil.

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[22] American Petroleum Institute, *The Truth About Tariffs* (last visited Feb. 2, 2025), https://www.api.org/news-policy-and-issues/trade/the-truth-about-tariffs.

C. **Recent Executive Orders Are Undermining Business Certainty.**

President Trump declared a national energy emergency on his first day in office and encouraged federal agencies to promote the development of domestic energy resources. Developing domestic energy resources is needed, and therefore a worthy goal. Unfortunately, recent actions are likely to impede, rather than promote, energy development.

In addition to proposing tariffs, which would make it more costly to build energy infrastructure, President Trump's federal funding pause is creating significant uncertainty for American businesses and may harm long-term American competitiveness. Some companies are already feeling the effects of the pause of federal funding. For example, Calumet, Inc. was set to receive its first tranche of previously-approved funding from the DOE's Loan Program Office for the construction and expansion of a renewable fuels facility, but has now been told it must wait until the loan guarantee has been reviewed by the new Administration.[23]

America is the best place to do business in the world both because of American ingenuity and fortitude, but also because we have the rule of law and stand behind our promises. If American companies cannot be confident that the U.S. government will keep its funding commitments, companies will flee for alternative jurisdictions that provide a more stable and predictable business environment. Moreover, the funding pause establishes a terrible precedent, whereby companies may be unwilling to partner with the federal government, irrespective of who is in office, out of concern that any agreements may be vitiated by the next Administration.

President Trump's Executive Order[24] titled "Temporary Withdrawal of All Areas on the Outer Continental Shelf From Offshore Wind Leasing and Review of the Federal Government's

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[23] Ojea, S., *Calumet Says $1.44B Loan Delayed on Trump Administration Review* (Jan. 28, 2025), https://www.marketwatch.com/amp/story/calumet-says-1-44b-loan-delayed-on-trump-administration-review-5538e44e.

[24] The White House, *Temporary Withdrawal of All Areas on the Outer Continental Shelf from Offshore Wind Leasing and Review of the Federal Government's Leasing and Permitting Practices for Wind Projects* (Jan. 20, 2025),

Leasing and Permitting Practices for Wind Projects" is counterproductive and inconsistent with the Administration's long-term strategic goal to make it easier to build energy projects in America. This executive order not only prohibits new offshore wind lease areas, but also pauses the issuance of permits, rights of way, and other licenses needed for both onshore and offshore wind projects. With electricity demand rising, it is critical that our country brings more generation online, and fast. Stymieing the development of onshore and offshore wind projects conflicts with an all of the above agenda and may undermine our country's ability to meet growing demand.

In 2023, wind energy produced more than 10% of country's electricity, and 20% or more of the electricity in Iowa, South Dakota, Texas, New Mexico, North Dakota, Kansas, Colorado, Minnesota, Wyoming, Maine, Nebraska and Oklahoma.[25] Pausing federal permitting threatens the long-term development of the industry, puts more than 500 wind energy manufacturing facilities located in the United States at risk, and again establishes a dangerous precedent for targeting disfavored industries. When the energy industry pleaded for permitting reform, this is not what it had it mind.

Moreover, this executive order will hurt American manufacturers and consumers. The offshore wind sector is projected to invest $65 billion in projects by 2030, supporting 56,000 jobs.[26] In addition, more than 4,100 companies joined a registry to supply components and services to the offshore wind energy.[27] The President's executive order may impede this job

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https://www.whitehouse.gov/presidential-actions/2025/01/temporary-withdrawal-of-all-areas-on-the-outer-continental-shelf-from-offshore-wind-leasing-and-review-of-the-federal-governments-leasing-and-permitting-practices-for-wind-projects/.

[25] Department of Energy, *Land-Based Wind Market Report* at 9 (2024), https://emp.lbl.gov/sites/default/files/2024-08/Land-Based%20Wind%20Market%20Report_2024%20Edition.pdf.

[26] American Clean Power, *Offshore Wind Momentum Grows with Sector to Invest $65 Billion and Create 56,000 U.S. Jobs by 2030* (Jul. 9, 2024), https://cleanpower.org/news/offshore-wind-to-invest-65-billion-and-create-56000jobs-by-2030/.

[27] White House, *FACT SHEET: Bidenomics is Boosting Clean Energy Manufacturing for Offshore Wind and Creating Good-Paying American Union Jobs* (Jul. 20, 2023).

growth and planned manufacturing investments. Also concerning is that this executive order may unintentionally increase American energy costs. In fact, offshore wind development in the Atlantic and Gulf coasts is projected to decrease electricity bills by $2.8 billion.[28]

The Secretary of Interior's issuance of Order No. 3415 also threatens solar development through its mandate that Department Bureaus and Offices suspend any issuance "any onshore or offshore renewable energy authorization, including but not limited to a lease, amendment to a lease, right of way, amendment to a right of way, contract, or any other agreement required to allow for renewable energy development."[29] In 2023 alone, solar employment grew by 5.3%, adding over 18,000 jobs.[30] For the same reasons explained above, this pause will only hinder energy development and hurt American manufacturers and consumers.

III. **Conclusion.**

From an energy perspective, the United States is the envy of the world. The IRA and IIJA incentivize the domestic production of energy generation and components, our federal policies are generally conducive to new investment, and the rule of law provides predictability and stability. In the last few years alone, companies have invested hundreds of billions of dollars to build new manufacturing and power plants in the United States, while American oil and gas production has surged ahead of global rivals. We should not upend the very programs and regulatory certainty that enabled our success. Rather than increase the cost of building energy infrastructure by imposing tariffs and repealing tax incentives, Congress should use this opportunity to continue to invest in domestic energy production and supply chains, strengthen

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[28] Shawhan D., et al., *Offshore Wind Power Examined: Effects, Benefits, and Costs of Offshore Wind Farms Along the US Atlantic and Gulf Coasts* at 23 (Oct. 2024), https://media.rff.org/documents/WP_24-17_gdMZ1rj.pdf.

[29] Secretary of the Interior, *Order No. 3415: Temporary Suspension of Delegated Authority* at 2 (Jan. 20, 2025), https://assets.law360news.com/2286000/2286601/cruickshank-s-o-on-authority-suspension.pdf.

[30] Department of Energy, *United States Energy & Employment Report 2024* at vii (updated Oct. 1, 2024), https://www.energy.gov/sites/default/files/2024-10/USEER%202024_COMPLETE_1002.pdf.

our electric grid, and ensure our agencies are sufficiently staffed and resourced to facilitate the timely permitting of needed infrastructure.