

Testimony of Trevor Higgins,  
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Before the House Energy and Commerce Committee,  
Energy, Climate, and Grid Security Subcommittee

At a hearing on energy costs titled "From Gas to Groceries"  
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2123 Rayburn House Office Building

Thank you, Chair Duncan, Ranking Member DeGette, and members of the Subcommittee. I appreciate this opportunity to provide testimony on the progress of clean and affordable energy investments, roughly two years after the enactment of the Inflation Reduction Act.

This groundbreaking legislation is at work today, growing the economy by investing in the middle class. The law's clean energy investments are laying the foundation for continued climate action in ways that bring benefits to people in their everyday lives and make it possible for the U.S. to cut carbon pollution to half of peak levels by the end of this decade.<sup>1</sup> By restructuring global supply chains and unlocking a domestic manufacturing renaissance, these investments are preparing America to compete in the global clean energy economy for decades to come, and more immediately, the law cuts household energy costs throughout the country. High energy prices spike costs across the economy, including for groceries. In 2022, the USDA found that food prices increased faster than any year since 1979, in part due to the conflict in Ukraine.<sup>2</sup> The rise of gasoline prices as a result of the war has caused higher food prices in the U.S., particularly for dairy and cereals.<sup>3</sup>

Since the enactment of the Inflation Reduction Act, overall inflation has slowed by two-thirds,<sup>4</sup> grocery price inflation in particular has slowed by nine-tenths,<sup>5</sup> and energy price inflation has not

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<sup>1</sup> Ben King and others, "Pathways to Paris: Post-IRA Policy Action to Drive US Decarbonization" (New York City, NY: Rhodium Group, 2023), available at <https://rhg.com/wp-content/uploads/2023/03/Pathways-to-Paris-Post-IRA-Policy-Action-to-Drive-US-Decarbonization.pdf>.

<sup>2</sup> "Food Prices and Spending" (U.S. Department of Agriculture Economic Research Service, June 2024), available at <https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/food-prices-and-spending/?topicId=1afac93a-444e-4e05-99f3-53217721a8be>.

<sup>3</sup> Diab, Sara, and Mohamad B. Karaki, "Do Increases in Gasoline Prices Cause Higher Food Prices?", *Energy Economics* 127 (November 1, 2023): 107066, available at <https://doi.org/10.1016/j.eneco.2023.107066>.

<sup>4</sup> The annual change in the Consumer Price Index was 8.22% in August 2022; as of the most recently available data, in July 2024, this measure has fallen to 2.92%. Federal Reserve Bank of St. Louis, "Consumer Price Index for All Urban Consumers: All Items in U.S. City Average", available at <https://fred.stlouisfed.org/series/CPIAUCSL> (last accessed September 2024).

<sup>5</sup> The annual change in the Consumer Price Index for Food at Home was 13.53% in August 2022 and 1.06% in July 2024. Ibid.

only slowed but fully reversed and dropped 7 percent.<sup>6</sup> Meanwhile, wages have risen 8.5 percent, far outpacing inflation.<sup>7</sup> Since enactment, total employment has grown nearly 4 percent,<sup>8</sup> and economic output is up 10 percent.<sup>9</sup> This is an exceptionally strong record. As a point of comparison, the U.S. economy has grown more than 8%, compared with 0.5% in Germany, even as they have faced similar inflation.<sup>10</sup> The Inflation Reduction Act is living up to its name.

### **Clean energy investments are lowering energy costs.**

The law's strategic investments in clean energy are driving economic growth, creating new opportunities for the middle class, and lowering energy costs in at least three major ways.

First: Federal grants, loans, and tax incentives are unlocking record-breaking levels of private investment in building the clean energy economy. In the last two years, total U.S. investment in domestic clean energy manufacturing has quadrupled, according to the Clean Investment Monitor — part of a surge in the pace of private investment — and more than half of which has been due to the growth in clean energy.<sup>11</sup> These investments are positioning the U.S. to remain competitive in the global clean energy economy, particularly the investment of \$161 billion since the law's enactment in clean energy production and industrial decarbonization.<sup>12</sup>

Investments in the productive capacity and international competitiveness of the economy are broadly beneficial, but investments in clean energy specifically are a primary strategy in the fight against inflation and price volatility. Fossil fuel dependence renders the daily costs of operating our energy systems vulnerable to supply shocks after extreme weather, to manipulation by petro-state dictators, and to corporate stock buybacks using the oil giants' profits that are

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<sup>6</sup> The Consumer Price Index for Energy has, as of July 2024, fallen to 93.1% of its value in August 2022. Federal Reserve Bank of St. Louis, “Consumer Price Index for All Urban Consumers: Energy in U.S. City Average”, available at <https://fred.stlouisfed.org/series/CPIENGSL> (last accessed September 2024).

<sup>7</sup> The Average Hourly Earnings of All Private Non-Farm Employees has risen from \$32.44 per hour in August 2022 to \$35.21 per hour in August 2024. This is an increase of 8.5% over two years. For comparison, the Consumer Price Index has risen only 6.2% between August 2022 and July 2024. Federal Reserve Bank of St. Louis, “Average Hourly Earnings of All Employees, Total Private”, available at <https://fred.stlouisfed.org/series/CES0500000003> (last accessed September 2024).

<sup>8</sup> Total non-farm employment has risen from 153.281 million people in August 2022 to 158.779 million in August 2024. Federal Reserve Bank of St. Louis, “All Employees, Total Nonfarm”, available at <https://fred.stlouisfed.org/series/PAYEMS> (last accessed September 2024).

<sup>9</sup> Gross domestic product has risen from \$25.994 trillion in quarter 3 of 2022 to \$28.652 trillion in quarter 2 of 2024, seasonally adjusted. Federal Reserve Bank of St. Louis, “Gross Domestic Product”, available at <https://fred.stlouisfed.org/series/GDP> (last accessed September 2024).

<sup>10</sup> Jared Bernstein, “Inflation’s (Almost) Roundtrip: What happened, how people experienced it, and what have we learned?”, available at <https://www.whitehouse.gov/cea/written-materials/2024/07/30/inflations-almost-roundtrip-what-happened-how-people-experienced-it-and-what-have-we-learned/> (last accessed September 2024)

<sup>11</sup> Lily Bermel and others, “Tallying the Two-Year Impact of the Inflation Reduction Act” (New York City, NY: Rhodium Group, Cambridge, MA: MIT Center for Energy and Environmental Policy Research, 2024), available at <https://www.cleaninvestmentmonitor.org/reports/tallying-the-two-year-impact-of-the-inflation-reduction-act>.

<sup>12</sup> Ibid.

obtained from consumers during price spikes. Fossil fuels push electricity prices higher, including through the price volatility of the natural gas market, uneconomic utility investments in coal plants, and the surge in wildfires exacerbated by climate change. As a report from Energy Innovation has documented, states that are investing in clean electricity, such as Iowa, New Mexico, and Kansas, have seen less increase in electricity prices than states who have remained most dependent on natural gas.<sup>13</sup> In Texas, for example, wind and solar saved \$11 billion in wholesale electricity costs in 2022 alone.<sup>14</sup> Clean electricity has become the most affordable source of energy there is,<sup>15</sup> and these investments are getting it built.

Second: New investment programs are directly supporting families and communities who want to switch to electricity and improve energy efficiency. Federal tax credits and rebates are now available for people who purchase an electric vehicle (noting that EVs cost less than half as much to drive and to maintain compared to a gasoline-powered car)<sup>16</sup> and for people who install efficient home heat pumps (which save typical households between \$60 and \$840 annually, depending on fuel type).<sup>17</sup> Grants, loans, green banks, and direct pay tax credits are making it possible for local libraries to add rooftop solar,<sup>18</sup> for small businesses to fix up the energy efficiency of their storefronts,<sup>19</sup> for school districts to buy pollution-free school buses,<sup>20</sup> and for retrofitting affordable housing apartments with up-to-date equipment.<sup>21</sup> These upfront financial

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<sup>13</sup> Brendan Pierpont, “Clean Energy Isn’t Driving Power Price Spikes” (Washington, DC: Energy Innovation, 2024), available at

[https://energyinnovation.org/publication/clean-energy-isnt-driving-power-price-spikes/?gf\\_protect\\_submission=1](https://energyinnovation.org/publication/clean-energy-isnt-driving-power-price-spikes/?gf_protect_submission=1).

<sup>14</sup> Joshua D. Rhodes, “The Impact of Renewables in ERCOT (2022 Q4 Update)” (Austin, TX: IdeaSmiths, 2023) available at

[https://static1.squarespace.com/static/652f1dc02732e6621adb2a3a/t/654c1889d23c9b5e380aa6bf/1699485834626/Impact-of-Renewables-in-ERCOT\\_FINAL.pdf](https://static1.squarespace.com/static/652f1dc02732e6621adb2a3a/t/654c1889d23c9b5e380aa6bf/1699485834626/Impact-of-Renewables-in-ERCOT_FINAL.pdf).

<sup>15</sup> Kingsmill Bond and others, “X-change: Electricity On track for net zero” (Washington, DC: Rocky Mountain Institute, 2023), available at

[https://rmi.org/wp-content/uploads/dlm\\_uploads/2023/07/rmi\\_x\\_change\\_electricity\\_2023.pdf](https://rmi.org/wp-content/uploads/dlm_uploads/2023/07/rmi_x_change_electricity_2023.pdf).

<sup>16</sup> Chris Harto, “Electric Vehicle Ownership Costs: Today’s Electric Vehicles Offer Big Savings for Consumers” (Yonkers, NY: Consumer Reports, 2020), available at

<https://advocacy.consumerreports.org/wp-content/uploads/2020/10/EV-Ownership-Cost-Final-Report-1.pdf>.

<sup>17</sup> Rewiring America, “3 Ways Heat Pumps Save You Money”, available at

<https://www.rewiringamerica.org/my-home/heating-and-cooling/heat-pumps-save-money> (last accessed September 2024).

<sup>18</sup> Veregy, “St. Louis Public Library Reduces its Carbon Footprint with Energy Efficiency Upgrades and Roof-Top Clean Energy Generation”, September 4, 2024, available at

<https://www.globenewswire.com/news-release/2024/09/04/2940814/0/en/St-Louis-Public-Library-Reduces-its-Carbon-Footprint-with-Energy-Efficiency-Upgrades-and-Roof-Top-Clean-Energy-Generation.html>.

<sup>19</sup> Anya Crittenton, “The Inflation Reduction Act: Guide to Small Business Resources” (Washington, DC: Green Business Network, 2023), available at

<https://www.greenamerica.org/blog/inflation-reduction-act-small-business-resources>.

<sup>20</sup> United States Environmental Protection Agency, “Clean School Bus Program”, available at

<https://www.epa.gov/cleanschoolbus> (last accessed September 2024)

<sup>21</sup> The White House, “FACT SHEET: Biden-Harris Administration Announces New Actions and Investments to Lower Energy Costs, and Make Affordable Homes More Energy Efficient and Climate Resilient for Hard-Working Families”, Press release, May 11, 2023, available at

<https://www.whitehouse.gov/briefing-room/statements-releases/2023/05/11/fact-sheet-biden-harris-administration-a>

investments are making it affordable for people from all walks of life to participate in the clean energy economy if they choose to.

Third: Even households who are not ready to make the switch to electricity will still see major savings from the economywide transition to clean energy. Under current policy, some projections show demand for fossil fuels declining in the U.S. by as much as 16 percent for petroleum and 20 percent for natural gas over the coming decade.<sup>22</sup> When demand falls, prices fall, and that benefits everyone. Depending on export volumes, this effect could translate into significant price reductions for the domestic manufacturers and households who continue to depend on these fuels for some time still.<sup>23</sup>

The overall effect of these policies is to shift the economy toward affordable, clean energy. Under current policy, household energy costs are on course to drop by one-third by 2035, an annual savings of roughly \$2,000 per household.<sup>24</sup> The combined effects of Clean Air Act pollution standards and clean energy investments are unmistakably powerful tools in the fight against inflation.

### **The consequences of repeal would be severe.**

Unfortunately, although the progress to date is extraordinary, the progress toward clean, affordable energy is imperiled by several threats.

One: The prospect of swiftly declining domestic demand for oil and gas is provoking the industry to build new export facilities, hoping to find overseas markets for liquefied natural gas. This would mean that declining U.S. demand would no longer translate directly into falling prices. Instead, increased exports could raise domestic natural gas prices by 10 percent, according to one study of the Energy Information Administration.<sup>25</sup>

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[announces-new-actions-and-investments-to-lower-energy-costs-and-make-affordable-homes-more-energy-efficient-and-climate-resilient-for-hard-working-families/](#)

<sup>22</sup> Based on calculations from Figure 8 & Figure 9 for the percentage change in domestic consumption between the 2023 historic reference and the “Low” scenario. Domestic consumption of natural gas and petroleum is projected to drop from 32 and 37 quadrillion BTU, respectively, to 25 and 31 quadrillion BTU. Ben King and others, “Taking Stock 2024: US Energy and Emissions Outlook” (New York City, NY: Rhodium Group, 2024), available at [https://rhg.com/wp-content/uploads/2024/07/Taking-Stock-2024\\_US-Energy-and-Emissions-Outlook.pdf](https://rhg.com/wp-content/uploads/2024/07/Taking-Stock-2024_US-Energy-and-Emissions-Outlook.pdf).

<sup>23</sup> John Larsen and others, “Pathways to Paris: A Policy Assessment of the 2030 US Climate Target” (New York City, NY: Rhodium Group, 2021), available at [https://rhg.com/wp-content/uploads/2021/10/Rhodium-Group\\_Pathways-to-Paris-A-Policy-Assessment-of-the-2030-US-Climate-Target.pdf](https://rhg.com/wp-content/uploads/2021/10/Rhodium-Group_Pathways-to-Paris-A-Policy-Assessment-of-the-2030-US-Climate-Target.pdf).

<sup>24</sup> According to Rhodium analysis, household energy bills will decrease by about a third (29-34%) below 2023 levels in 2035, from \$6,187 in 2023. Ben King and others, “Taking Stock 2024: US Energy and Emissions Outlook” (New York City, NY: Rhodium Group, 2024), available at [https://rhg.com/wp-content/uploads/2024/07/Taking-Stock-2024\\_US-Energy-and-Emissions-Outlook.pdf](https://rhg.com/wp-content/uploads/2024/07/Taking-Stock-2024_US-Energy-and-Emissions-Outlook.pdf).

<sup>25</sup> Chris Martinez, “LNG Exports Raise Natural Gas Prices for Americans”, Center for American Progress, November 6 2023, available at <https://www.americanprogress.org/article/lng-exports-raise-natural-gas-prices-for-americans/>.

Two: China, hoping to overcome its economic headwinds by monopolizing battery supply chains and exporting vehicles to the rest of the world, is eager to see the U.S. clean manufacturing investment programs repealed. They have challenged the EV incentives before the World Trade Organization.<sup>26</sup>

Three: In the House of Representatives, there have already been 51 votes (27 votes on the House floor and 24 votes in committees and subcommittees) to repeal the Inflation Reduction Act in whole or in part, jeopardizing the very programs that threaten China's monopoly control.<sup>27</sup>

Four: Although the Senate and the President have so far rejected the House majority's efforts to upend these policies, repealing the key provisions of the Inflation Reduction Act remains part of the deliberate 900-page plan for a conservative administration called Project 2025, which was authored by the Heritage Foundation and many former advisors and appointees of former President Trump.

- On page 696, Project 2025 calls for the “next Administration” to “push for legislation to fully repeal... the dozens of credits and tax breaks for green energy companies in Subtitle D of the Inflation Reduction Act.”<sup>28</sup>
- On page 382, Project 2025 calls for the “next Administration” to “work with Congress to eliminate all DOE energy demonstration programs, including those in OCED,” the Office of Clean Energy Demonstrations, which is implementing the Inflation Reduction Act, and the Bipartisan Infrastructure Law's investments for manufacturing development, such as the steel plant being revitalized in Middletown, Ohio.<sup>29</sup>
- The detailed and damaging recommendations of Project 2025 go on: end project labor agreements on federal projects, eliminate the Department of Energy's Loans Program Office, defund the Grid Deployment Office, disband the office of environmental justice at

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<sup>26</sup> Reuters, “China asks WTO to set up panel for US electric vehicle subsidies dispute”, July 15, 2024, available at <https://www.reuters.com/business/autos-transportation/china-asks-wto-establish-expert-panel-us-electric-vehicle-subsidies-dispute-2024-07-15/>.

<sup>27</sup> Climate Power, “Inflation Reduction Act Repeal Votes Tracker”, July 9, 2024, available at <https://climatepower.us/research-polling/inflation-reduction-act-repeal-votes-tracker/>.

<sup>28</sup> The Heritage Foundation, “Mandate for Leadership: The Conservative Promise” (Washington, DC: 2023), available at [https://static.project2025.org/2025\\_MandateForLeadership\\_FULLL.pdf](https://static.project2025.org/2025_MandateForLeadership_FULLL.pdf).

<sup>29</sup> Rick McCrabb, “\$1.8 billion Cleveland-Cliffs plan means more jobs, stability for Middletown steel plant,” Journal-News, March 29, 2024, available at <https://www.journal-news.com/news/18-billion-cleveland-cliffs-plan-means-more-jobs-stability-for-middletown-steel-plant/265NKDXRJVB5RCI7AMUJTABU2E/>; Business Wire, “Cleveland-Cliffs Selected to Receive \$575 Million in US Department of Energy Investments for Two Projects to Accelerate Industrial Decarbonization Technologies,” March 25, 2024, available at <https://www.businesswire.com/news/home/20240325479918/en/>.

EPA,<sup>30</sup> and withdraw unilaterally from the U.N. Framework Convention on Climate Change that the Senate ratified in 1992 to help the United States translate domestic policy into global climate action.<sup>31</sup>

These plans to repeal the Inflation Reduction Act would carry severe consequences for the U.S. economy, imperiling the domestic manufacturing renaissance and raising costs for hard working Americans. Project 2025’s plans for climate and energy – not even counting the effects of the plans for healthcare, education, and more – would cause 750,000 direct job losses in 2030, according to Energy Innovation. These plans would raise electricity prices and prolong gasoline dependence, reversing the trajectory toward lower energy costs and instead *increasing* annual household energy spending by \$40 in 2030, above even the alarmingly inflated levels of 2021.<sup>32</sup>

Worse, Project 2025’s plans would lock the United States into continued greenhouse gas emissions of more than 4.7 gigatons every year from now through 2050 and beyond, undermining the progress to stop global rising temperatures.<sup>33</sup> Among the many disastrous and irreversible consequences, I will highlight the following given the topic of this hearing that climate change also raises costs.

- Already at current levels of warming, insurance premiums increased an average of 33 percent between 2020 and 2023, and the National Bureau of Economic Research predicts that the “growing disaster risk will lead climate-exposed households to face \$700 higher annual premiums by 2053.”<sup>34,35</sup>
- Extreme weather was “the main disrupter of food prices” according to a Barclays researcher in 2023, after droughts and dry conditions struck India, Indonesia, and Europe

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<sup>30</sup> The Heritage Foundation, “Mandate for Leadership: The Conservative Promise” (Washington, DC: 2023), available at [https://static.project2025.org/2025\\_MandateForLeadership\\_FULL.pdf](https://static.project2025.org/2025_MandateForLeadership_FULL.pdf). P. 442

<sup>31</sup> Devon Lespier and Jessica Ordóñez-Lancet, “How Project 2025 Threatens the Inflation Reduction Act’s Thriving Clean Energy Economy”, Center for American Progress, August 15, 2024, available at <https://www.americanprogress.org/article/how-project-2025-threatens-the-inflation-reduction-acts-thriving-clean-energy-economy/>

<sup>32</sup> Megan Mahajan and others, “The Second Half of the Decisive Decade” (Washington, DC: Energy Innovation, 2024), available at <https://energyinnovation.org/wp-content/uploads/2024/08/The-Second-Half-of-The-Decisive-Decade-Potential-U.S.-Pathways-on-Climate-Jobs-and-Health.pdf>

<sup>33</sup> Ibid., p. 4.

<sup>34</sup> Climate exposed households refers to those in the top 5% of expected disaster risk increase, so this number may be lower for the majority of Americans. That being said, the authors note that this is a fairly conservative estimate and, for this group, the increase will likely be higher than \$700.

<sup>35</sup> Benjamin J. Keys and others, “Property Insurance and Disaster Risk: New Evidence from Mortgage Escrow Data”, National Bureau of Economic Research, Working Paper (June 2024), available at <https://www.nber.org/papers/w32579>.

at the same time as Russia resumed blocking exports and attacking Ukrainian grain supplies.<sup>36</sup>

- Extreme heat places costly burdens on the American healthcare system. Heat event days lead to nearly 235,000 emergency department visits and over 56,000 hospital admissions for heat-related or associated illnesses, contributing approximately \$1 billion in additional health care costs each summer.<sup>37</sup>

Fighting climate change fights inflation. From the rising disruptions of climate change to the volatility of fossil fuel prices, from the global competitiveness of the U.S. economy to the earning power of worker's wages, the many complicated challenges of the costs of energy are all made easier to resolve by investment in clean energy.

I am grateful to the members of the 117th Congress whose leadership in enacting the Inflation Reduction Act has so successfully channeled our country's limitless industry into raising wages, lowering prices, and fighting climate change. I condemn the proposals of Project 2025. America must continue to invest in our own future, and finish the work of building the clean energy economy.

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<sup>36</sup> Eshe Nelson and others, "Heat, War and Trade Protections Raise Uncertainty for Food Prices", The New York Times, August 10, 2023, available at <https://www.nytimes.com/2023/08/10/business/global-food-prices-volatility.html>.

<sup>37</sup> Steven Woolf, "The Health Care Costs of Extreme Heat", Center for American Progress, June 27, 2023, available at <https://www.americanprogress.org/article/the-health-care-costs-of-extreme-heat/>.