

## **Chairman Manchin's Opening Remarks During a Hearing to Examine Federal Offshore Energy Strategy and Policies**

- The committee will come to order.
- We're here today to continue our committee's work on improving our nation's energy security through offshore energy production.
- As the superpower of the world, it is vital that we have a reliable, domestic energy supply chain that enhances our national security, reduces our reliance on foreign nations, and helps our allies.
- Offshore energy – which produces 59 percent of all Federal oil production, 19 percent of all Federal gas production, and a growing share of electricity through wind power – is an irreplaceable part of our nation's energy security strategy.
- In addition, offshore energy plays a key role in our federal budget – in Fiscal Year 2022 alone, oil and gas generated \$6.5 billion dollars in revenue, alongside \$4.6 billion in bonus bids for offshore wind.
- This revenue is also the primary funding source for the Land and Water Conservation Fund, or LWCF, providing \$900 million dollars each year for Federal, state, and local conservation funding – benefiting conservation projects in every single state in the country.
- Offshore energy also plays a key role in the budgets of coastal states. The offshore industries promote economic activity and provide federal revenue sharing under the Gulf of Mexico Energy Security Act, which distributed \$353 million to Gulf states earlier this year on top of another \$125 million for state LWCF grants.
- Offshore energy of all types also helps achieve our climate goals.

- Offshore wind has great potential as a clean energy source, if we can overcome the challenges the industry is currently facing both in permitting and financing these complex projects.
- Furthermore, federal offshore oil and gas production is among the lowest-emitting in the world.
- According to a report from the consulting firm ICF, displacing overseas oil production with oil from the U.S. Gulf of Mexico could cut emissions in half for each additional barrel of U.S. production.
- Sadly, this Administration has been trying everything it can to discourage development of offshore oil and gas.
- It's a shame that we are discouraging domestic development while turning a blind eye to Iran's evasion of sanctions and use of its oil revenues to fund terrorism, while at the same time lifting sanctions on Venezuela – encouraging the development of some of the highest emitting barrels of oil in the world.
- I understand that the goal of lifting sanctions on Venezuela is to ensure that economic and humanitarian conditions improve and ease the flow of migrants – but I've seen nothing to indicate that lifting sanctions will lead Venezuela to improve labor conditions, reduce emissions, or anything else that makes U.S. production more attractive.
- The path this administration is on makes no sense at all.

- Even as this Administration was attempting to end federal oil and gas leasing altogether, because of my insistence that the Inflation Reduction Act take a balanced approach to energy security, we are looking at a future that involves at least some continued offshore energy leasing of all types.
- Before we passed the IRA, it was obvious that the Department of the Interior was slow walking the next Five-Year Program while at the same time canceling already-scheduled Lease Sales.
- To address that, in the IRA we prohibited Interior from issuing wind and solar leases unless the Department also holds significant oil and gas lease sales, both on- and offshore.
- As a result, Interior was forced to include oil and gas lease sales in their recently released 2024 to 2029 Leasing Program.
- To be clear, the new five-year leasing program falls well short of what we should be doing by including only three oil and gas sales.
- This is barely a quarter of what the Obama administration approved for the last five-year program.
- But it's clear we would have gotten exactly zero without the IRA.
- Interior's press release announcing the new 5-year plan says as much.
- It states, "the IRA does not allow the Bureau of Ocean Energy Management to issue a lease for offshore wind development unless the agency has offered at least 60 million acres for oil and gas leasing on the Outer Continental Shelf in the previous year."

- In addition to ensuring leasing continues in the future, the IRA also reinstated Lease Sale 257 and mandated three additional offshore sales in 2022 and 2023 that had previously been canceled by the Department.
- When I speak with offshore energy companies, there is complete agreement that the IRA is the only reason oil and gas leasing has proceeded at all.
- The National Ocean Industries Association stated that the IRA “secures an all-of-the above energy package that boosts offshore oil and gas, offshore wind, and carbon capture and storage.”
- Last Fall, an American Petroleum Institute executive stated that “without the Inflation Reduction Act . . . there would not be any offshore lease sales until late 2023 at the earliest”. Because of the IRA, we have had 3 sales since then - including a record setting sale in the Gulf -with a fourth scheduled for less than two weeks from now.
- Zooming out, the Inflation Reduction Act and Bipartisan Infrastructure Law together have created immense demand for energy of all types as we rebuild our physical infrastructure, domestic manufacturing, and industrial base.
- These bills provide a pathway to continue producing the fossil fuel we *need* today—more cleanly than ever thanks to incentives for carbon capture, hydrogen, and more—while commercializing the technologies we *want* for the future. This has given the private sector confidence to invest in all types of energy.

- As a result, the U.S. will see record production of oil and gas this year, 4.6 billion barrels of oil and 37 trillion cubic feet of natural gas, as well as record additions of solar and battery storage.
- And when the leases mandated by the IRA begin actually producing next year, the Energy Information Administration is already forecasting those records will be broken again.
  
- That said, we will only achieve the full promise of the IRA and Bipartisan Infrastructure Law if this administration implements them as Congress intended.
  
- Lease Sale 261, which was mandated by the IRA, is a good example where implementation is not living up to the intent of the law.
  
- Environmental groups sued NOAA to impose new restrictions related to the Rice's whale – but only for oil and gas development in the Gulf - And this administration capitulated in a settlement agreement, bypassing Interior's normal procedures, adding restrictions, and agreeing to remove 6 million acres from the sale.
  
- However, a Federal Judge then determined that removing the acres in this manner would likely be unlawful, so now the administration has delayed the sale and is scrambling to add the 6 million acres back in.
  
- This case proves that trying to re-write an energy security law passed by Congress through administrative action is not a winning strategy.
  
- Because the reality is, we will get closer to achieving our shared goals—for all types of offshore energy production—if we embrace the balanced approach in the IRA.

- As ten of my Republican colleagues stated in their Amicus Brief opposing the Lease Sale 261 restrictions: “The IRA was the result of considerable deliberation concerning the economic, energy, environmental, and strategic interests of the United States,” and “the IRA balances diverse, complex, and overlapping considerations including growth and conservation, domestic needs and global positioning, and security and diplomacy.”
- I couldn’t agree more with my Republican friends on this, and I will continue to do everything in my power to ensure the law is implemented in that manner.
- I’m also pleased that we have Janet Coit [Koyt], the head of NOAA Fisheries, here today to discuss several actions underway related to the Rice’s whale.
- NOAA’s mission to protect our nation’s ocean resources and habitat is critical, but we also must look at the broader impacts of the agency’s actions on all the uses of our offshore resources.
- I acknowledge that NOAA is not coming up with these proposals on its own— they are being initiated as a result of lawsuits or petitions from environmental groups—but I’m very concerned about how the administration has chosen to respond and act on them.
- Turning to offshore wind, everyone here knows I’m a strong supporter of an all-of-the-above energy policy.
- That is why I’m also concerned about the signals BOEM and NOAA are sending for offshore wind.

- We are trying to build out this new domestic offshore wind industry and continue to hear about the importance of providing as much government certainty as possible so that we can unlock billions of dollars in projects that will bolster our energy independence along with tens of thousands of good-paying jobs.
- By only allowing for 3 offshore oil and gas lease sales over the next 5 years, this administration is creating immense uncertainty for the wind industry.
- The chart behind me shows the big risk being taken for wind. Because we tied wind, oil, and gas together in the IRA, with only 3 oil and gas lease sales proposed for the next 5 years, there will be several periods of time where no wind leases can be issued.
- And if any of these 3 oil and gas sales are delayed, or shrunk by a lawsuit below the 60 million acre threshold in the IRA, this could lead to a moratorium on wind leasing for 2 or 3 years.
- That the Administration would jeopardize our domestic wind industry and their own goal to build 30 gigawatts of offshore wind by 2030 defies explanation and shows an alarming level of incoherence.
- I look forward to hearing from our witnesses to better understand some of the puzzling decisions we have seen when it comes to energy security, and find ways to come together on a bipartisan basis to support a strong offshore energy industry in the U.S.
- I know our members and witnesses are passionate about these issues. I hope we can all have a civil discussion and debate about offshore energy and our national security, because this issue is too important to the American people to either ignore or politicize.

- And with that I'll turn it over to Ranking Member Barrasso for his opening remarks.
  
- Thank you, Senator Barrasso.
  
- I'd like to turn to our panel of witnesses. We have:
  - The Honorable Janet Coit, Assistant Administrator for NOAA Fisheries.
  
  - Ms. Elizabeth "Liz" Klein, Director of the Bureau of Ocean Energy Management
  
- Now to witness opening remarks.
  
- Administrator Coit, we'll begin with you.
  
- Thank you. Next, we'll hear from Director Klein
  
- Thank you all again for being here with us and for your testimony. We will now begin with questions.