Opening Statement
Senator Maria Cantwell (D-Wash.)
Committee on Energy and Natural Resources
Hearing on EIA's Annual Energy Outlook
April 16, 2015

"Thank you, madam chair, and thank you for this annual hearing and for the update. And Mr. Sieminski thank you so much, it is a pleasure to be working with you on such an important area. We're here today to look at the findings in this report.

"And first, I think it's important that the U.S. is likely to become less reliant on imported energy—but will still remain a net oil importer for the entire forecast period. Within the context of the debate about current export policy, this is a key factor that we have to keep in mind.

"Second, carbon pollution is still expected to increase, even while it remains below the 2005 levels. This highlights the fact we must take steps to bend the curve even further downward, given the tremendous costs to our climate and what it is already imposing on businesses and communities in my state and around the country.

"We need to look at policies where we can be mindful that these analyses are predictive of what is happening right now, but not 100 percent certain about what's going to happen in the future. Keeping that mind, we need to increase energy efficiency, make it a larger variable in the equation and keep carbon pollution below the 2005 levels.

"For example, carbon pollution from the residential sector is projected to decline by 5 percent from 2013 to 2040. These reductions come from appliance and building efficiencies, which more than offset the growth in the number of houses that will need to be heated and cooled. I know a lot of my colleagues appreciate that we can do much more to drive energy efficiency solutions into the marketplace—and it's a policy that ultimately pays for itself.

"Another one of the most important findings in the AEO is that electricity prices are likely to increase because of fuel costs.

“In the reference case, national electricity prices are projected to rise 18 percent, between 2013 and 2040, and these price projections are driven by coal prices rising by nearly 25 percent and natural gas prices rising by 88 percent.

“In contrast, the renewable generation technologies—which use wind and sun as fuel—are going to be comparatively less expensive, potentially seeing different technology costs dropping 10-20 percent. And these projections don’t even take into account rapid technology changes that can further drive the cost-curve down.

“So it seems like sensible policy to me that we should still do more to connect these technologies to the electricity grid.

“And along these lines, I should note that I do have an ongoing concern that EIA continually underestimating the potential of renewable energy in these Annual Energy Outlook reports, but maybe that’s something we can work on in the future.

“In these projections, renewables meet much of the growth in electricity demand. In fact, renewables are likely to become cost-competitive in many regions in the coming years.

“According to the Department of Energy’s own 2014 Revolution Now report: ‘by 2014, rooftop solar panels cost about 1 percent of what they did 35 years ago, and solar PV installations were about 15 times what they were in 2008. Between 2008 and 2014, the cost for a PV module declined from $3.40/watt to about $0.79/watt.’

“Also in that same report, DOE found similar findings for wind.

“So there seems to be an internal disconnect at the Department of Energy because other offices at DOE are noting how much better these technologies are performing than forecasted, and yet EIA is predicting the same high-cost, low-growth scenarios.

“Another example, as of the end of 2014, the American Wind Energy Association’s market report reported that the United States had a wind capacity of over 65 gigawatts. But your 2013 report, just two years ago, projected that wind capacity wouldn’t exceed 65 gigawatts until 2034; so in reality, it happened 20 years before that.

“Many organizations and associations have found that EIA’s assumptions are lagging behind the real world when it comes to clean energy development. These assumptions, if incorrect, drastically impact the projections of renewable energy and can paint a misleading picture about the power of renewables.

“So while this EIA analysis is very useful, I think we need to take a holistic approach about how different energy sources are faring against others and the policies. And this analysis is just one tool to help us look at market predictions. But I am a very big supporter of EIA and actually want to enhance its capacity because in an information age and energy policy is so important, and the role you could play on so many different avenues, I think it’s very important we continue and strengthen your office and organization and I am sure we will get a chance to talk about that in the Q&A.

“I’d also like to commend EIA on its announcement that, starting in March, it will now be able to provide monthly data on rail movements of crude oil. I suspect that reaching agreements with the U.S. Surface Transportation Board and with Canada's National Energy Board to get this data were not simple tasks.

“But the data show that over the past five years, crude-by-rail shipments have increased over 17 times nationally. Let me put it into a percentage – that’s a 1751% increase in the shipment of crude by rail. So, 20 million barrels in 2010 to 370 million barrels in 2014. That is to say, a big impact on us in the Pacific Northwest. The hard facts make it clear: the responsibility lies with policymakers to consider the public health and safety-related impacts of this emerging trend. Neither the oil industry nor the rail industry should enjoy unfettered profit from the shale boom without being required to step up and make sure that they have the safety precautions in place for the kinds of rail explosions that we are seeing across America.

“So once again, Mr. Sieminski, thank you so much to your staff for providing this information. I will want to continue to work with EIA to make additional progress in this area.

“One other thing I want to mention – a lingering concern about data and analysis associated with another pressing topic before this Committee and this Congress: namely, the completeness of EIA’s crude oil export analysis.

“In February 2014, Sen. Wyden, who was the chair of this Committee, and I joined to ask you for a comprehensive analysis of regional price and transportation impacts on any change to the current export policy. We live in a part of the country – Washington and Oregon – that depend on Alaska crude oil and our market has been relatively isolated from the rest of the country.

“I’m sure that my colleagues will remember that both Senator Wyden and I constantly talk about this issue. We have to talk about it because we have some the highest gasoline prices in the nation and we are always asking why. Let’s just say that now as we look at the discussion in a few weeks on export policy, we want to understand more completely this issue.

“So from what we’ve seen thus far in EIA’s piecemeal analysis on crude oil exports, there has been no analysis of what this policy change might mean for consumers in the Pacific Northwest—who pay, as I’ve said, among the highest gas prices.

“We also see headlines from other organizations suggesting that crude-by-rail traffic could double if the export ban is lifted. We need EIA to provide some enlightenment, some additional analysis on this. And so I do not think Sen. Wyden and I are satisfied with where we are and we want to see this information as soon as possible.

“We want more information, that’s the bottom line, and we want to help build as robust an organization underneath you as we possibly can in an information age where this is such a vital, important issue to our country.”

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