



## Forum for American Leadership

### **Congress is Key to Restoring Realism in U.S. Energy Policy**

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Among its many destabilizing and disastrous effects, Russia's war in Ukraine serves as a wake-up call for the need for realism in U.S. and allied energy policy. For too long, those driving the conversation have embraced wishful but misinformed thinking about the pace of energy transitions.

Hydrocarbon energy—oil, gas, and coal—supply 83% of the world's [energy](#) and are the lifeblood of modern civilization. While renewable energy's 6% share will continue to grow, energy transitions take many decades and are driven by technological innovation and the private sector, not by government central planning. The current energy crisis highlights the geopolitical infeasibility and economic costs of policies that distort markets and would abruptly starve the United States of hydrocarbon energy that is critical for national security and economic growth.

Those advocating for unrealistic energy transitions have so far not been held accountable by having official energy agencies analyze their unrealistic, extreme proposals. Specifically, the International Energy Agency (IEA) has recently skewed its forecasts to please climate extremists while depriving policy makers of the ability to evaluate costs and benefits of energy and climate proposals. And the U.S. Energy Information Agency (EIA) has failed to provide Congress with feasibility and cost-benefit analyses of President Biden's executive orders and legislative proposals that would mandate abrupt, massive bans on hydrocarbon energy.

To help right the ship and avoid costly and dangerous policy errors, Congress should reassert its role in setting U.S. energy policy. As a starting point, Congress should insist that taxpayer-funded agencies provide unbiased forecasts of energy markets, as well as objective evaluations of proposed energy and climate policies. Toward this end, the Forum for American Leadership [Energy Working Group](#) calls for more congressional oversight of the International Energy Agency (IEA) and U.S. Energy Information Administration (EIA) and recommends the establishment of a National Commission on Energy Transition Realism, an expert, non-partisan commission of renowned energy experts to advise government officials and evaluate policy options for energy transitions.

### **The IEA Must Return to its Security Mission and EIA Must Analyze Extreme Climate Proposals**

The Paris-based International Energy Agency is composed of 31 member countries (the U.S. and primarily European nations) and nearly a dozen association countries, including China, India, Brazil, and Argentina. Established in the wake of the 1973 oil crisis, IEA is a forum under the Organization for Economic Co-operation and Development with a mandate to respond to disruptions in the global oil supply and provide policy recommendations, as well as data

analysis, on global oil and energy supplies to bolster global energy security. In recent years, however, the IEA has strayed from its assigned role as a watchdog for energy security and instead has transformed into a lap dog for climate zealots advocating for unrealistic energy transition targets. Congress should steer U.S. policy to walk IEA back to its security mission.

Specifically, in recent years the IEA's analyses have veered from security and unbiased analysis to feeding the newly fashionable myth that the United States, and the world, can afford to immediately ban investment in fuels that compromise over 80% of global energy. Moreover, IEA began skewing its energy forecasts to hide the costs of extreme climate policies while depriving elected officials of the ability to make informed cost-benefit assessments of energy and climate proposals. For example, the IEA [2020 World Energy Outlook](#) abolished its "business-as-usual" (BAU, formally known as Current Policies Scenario) reference case scenario, an unwarranted break with decades of forecasting convention that makes it impossible to evaluate the costs and benefits of climate proposals.

Meanwhile, the non-partisan EIA is being underutilized as an agency that was created to deliver accurate energy data and transparent, objective forecasts and analyses to policymakers and the American people. For example, the EIA has so far not provided Congress with analysis of the energy security and economic implications of recent presidential executive orders and legislative climate proposals. The list includes President Biden's [executive order](#) calling for the federal government to reduce its emissions by 65% by 2030 and reach net-zero emissions by 2050, as well as a bill ([CLEAN Future Act](#)) introduced by Democrats, mirroring the President's campaign proposal, to ban the use of fossil fuels—which currently account for 60% of U.S. electricity generation—in U.S. power plants by 2035.

We recommend Congress seize an opportunity to use hearings, letters, legislation, and other oversight tools to restore realism in U.S. energy policy by focusing on U.S. policy at the IEA and the EIA. Furthermore, the creation of an expert, non-partisan National Commission on Energy Transition Realism will further enable Congress to access fact-based data, analysis, and counsel from energy sector experts.

### **Congressional Oversight Recommendations**

- ***Pressure for a Return to Unbiased Forecasting at the IEA.*** There is a dire need for unbiased global energy forecasting. To please climate change advocates eager to reduce hydrocarbon investment, starting in 2020, the IEA cancelled including a "business as usual" (BAU) reference case scenario in its long-term forecasts and instead only included scenarios that assume quick and easy peak demand. For decades, forecasters used a BAU reference case because it has proven historically accurate, and it enables policymakers to evaluate, compare, and contrast energy and climate policy proposals. The IEA provided no analysis or justification for this radical shift in forecasting convention. Congress should pressure the Biden administration to use the voice and vote of the United States to return the IEA to resume the long-held forecasting convention of including a BAU reference case among its annual forecast scenarios.

- ***Insist the IEA Retract its Call to Ban Oil and Gas Investment to Reach an Impractical Net Zero Target by 2050.*** The IEA’s calls for the immediate termination of all new investments in oil and gas run counter to U.S. economic, energy security, and geopolitical interests. U.S. diplomats should push IEA to retract these statements and clarify that the agency does not oppose new investment in oil and gas, which remains critical for the foreseeable future to meet demand and ensure secure, affordable energy for U.S. citizens and the world. The IEA must produce an unbiased, objective assessment of the costs and benefits of achieving net zero emissions by 2050 through government taxes, regulations, and subsidies, using BAU as a reference case scenario.
  - To date, the Biden administration has been complicit in the IEA policy shift from its security mission to climate policy advocacy that is both unrealistic and threatening to U.S. energy security. Following a March 2022 IEA Ministerial Meeting, chaired by U.S. Energy Secretary Jennifer Granholm, the organization issued a press release [announcing](#) that the meeting marked “the launch of a new phase of the Agency” in which “the IEA has a new guiding principle: supporting countries in the global effort to attain net zero greenhouse gas emissions in the energy sector by mid-century.” The vow to change the Agency’s focus to the energy transition and global fight against climate change was also expressed in a [joint communiqué](#).
  - The IEA must return to focusing on its original objectives and obligations under the International Energy Program treaty. If the IEA does not do so, then the United States should evaluate whether continued membership in the IEA as currently structured is consistent with long-standing U.S. domestic energy policy priorities. If not, Congress should shrink U.S. participation in the IEA to purely energy security matters such as coordinating the use of strategic petroleum reserves, its original task.
- ***Instruct the IEA to Bolster the Transparency of Natural Gas Markets.*** As Putin’s war in Ukraine enters its sixth month and forecasts show the run-up to a grim winter for European energy supply and security, the time is ripe for the IEA to begin publishing transparent data on natural gas markets and trade flow, especially in Europe. This will exhibit both the effects of European divestment from fossil fuels and the extent of its reliance on imports from undependable authoritarian regimes.
- ***Require the EIA to Analyze Biden Climate Proposals as a Condition for Congressional Funding.*** Congress should insist the EIA do its job by providing timely, astute, and unbiased analyses of the energy and economic consequences of policies proposed or implemented by the President and members of Congress. The EIA has yet to release a cost-benefit and feasibility study of President Biden’s executive order requiring the federal government to achieve net-zero carbon emissions by 2050. President Biden has also [called](#) for Congress to ban the use of natural gas and coal in U.S. electricity generation by 2035, despite those fuels accounting for 60% of electricity generation. Congress must have the means to analyze the practicality, costs, and benefits of such ambitious policies. To this end, Congress should tie funding for the EIA to its timely

issuance of transparent, unbiased modeling of major energy and climate proposals, including analyses of their impact on the U.S. economy and energy security. The American people deserve to know how new energy proposals will affect their daily lives and security, and right now, the EIA is being underutilized and not delivering on its intended and critical mission.

- o If the EIA refuses to perform its duty to provide timely and objective analyses of congressional and administration policy proposals, Congress should explore leveraging other statistical and analytical possibilities, such as the General Accounting Office, or recreating an entity like the Office of Technology Assessments.
- ***Establish a National Commission on Energy Transition Realism.*** The Commission should be composed of independent energy experts to advise Congress and the executive branch on the physical, economic, and technological realities involved with energy transitions. Composed of reputable experts selected in a bipartisan fashion, the Commission should furnish policy makers with objective analysis and recommendations. It would serve to identify, challenge, and correct shortcomings in current official data, analysis, and forecasting agencies, helping to avoid the misinformation currently leading to costly policy errors, and to bolster U.S. energy security.

*This paper is a product of the Forum for American Leadership's [Energy Working Group](#).*

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*The Forum for American Leadership (FAL) is a non-profit organization that presents expert analysis and national security recommendations to policymakers in Congress and the Executive Branch.*



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