Exploring the Economic Potential of the Golden Age of American Energy Dominance

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Diana Furchtgott-Roth
Director, Center on Energy, Climate, and Environment and
The Herbert and Joyce Morgan Fellow in Energy and Environmental Policy
The Heritage Foundation

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Chairman Gosar, Ranking Member Dexter, Members of the Committee, I am honored to be invited to testify before you today on the subject of "Exploring the Economic Potential of the Golden Age of American Energy Dominance." I am the director of the Center for Energy, Climate, and Environment at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

My professional training is in economics. From 2019 to 2021, I was deputy assistant secretary for research and technology at the U.S. Department of Transportation. Previous executive branch positions include acting assistant secretary for economic policy at the U.S. Department of the Treasury (2018-2019); chief economist at the U.S. Department of Labor (2003-2005); chief of staff of the Council of Economic Advisers (2002-2003); and deputy executive secretary of the White House Domestic Policy Council and associate director for policy planning (1991-1993).

I an honored to be testifying after the passage of the One Big Beautiful Bill Act, which helps to codify American energy dominance by reconfiguring energy tax credits. This change will help rebuild America's energy platform.

Energy dominance is not a partisan issue. Everyone wants Americans to have reliable, secure, and affordable energy. No one wants the American electricity grid to look like the South African grid, with its regular outages, or wants American industry to look like Germany, with its slow growth. Americans want reliable, secure, and affordable energy because it makes day-to-day life possible: the technologies we use, how we get around, the food that we eat, and so much more. There is no electoral constituency that actually wants energy scarcity.

The Biden administration used the so-called existential climate crisis to reduce domestic oil and natural gas production and expand dramatically the power of different executive branch agencies with the object of increasing the use of renewables, electric vehicles, and electric appliances. This raised Americans' electricity and transportation bills and gave more economic power to China, which makes wind turbines, solar panels, battery components, and electric vehicles.

The Biden administration created an energy emergency, which Congress and President Donald Trump are addressing through increased oil and natural gas production and rollback of burdensome regulations. This new energy dominance insulates America from supply shocks, including during the Israel-Iran conflict, when oil prices rose only briefly by $10 a barrel and then went down again. And as Congress and President Trump roll back costly regulations, America must not let them be reimposed by Europe.

Creation of an Energy Emergency

The Biden administration created an energy emergency by limiting Federal lands available for oil and natural gas production and promulgating regulations to discourage production and infrastructure development. Agencies including the Department of the Interior, the Department of Energy, the Environmental Protection Agency, the Council on Environmental Quality, the Office of Comptroller of the Currency, the Securities and Exchange Commission, and the Federal Energy Regulatory Commission all attempted to discourage domestic fossil fuels.

This creeping overreach, not envisaged by Congress in the original missions or purposes of these agencies, drove up the price of energy and energy-related products and weakened the electricity grid. The National Electricity Reliability Corporation, in a December 2024 report, warned of a high risk of blackouts beginning in 2025.

Poorly-considered policies have forced all Americans to pay more for electricity and transportation, for no benefit—because the new regulations will have a minimal effect on global temperatures. These costs fall disproportionately on the poor, who pay a higher share of their income in food and energy costs, as well as on small businesses and farmers, who rely on transportation and electricity for their livelihoods. The Biden administration created a serious and dangerous energy situation, so damaging to ordinary people and our country that it requires immediate action.

Solving the Energy Emergency

That's why President Trump announced declared a national energy emergency on his first day in office, ending restrictions on energy production, doing away with the electric vehicle mandate, ending incentives for renewable energy; and cancelling Biden's natural gas export ban.

When he took office President Trump fulfilled energy campaign promises by ending the Democrats' war on fossil fuels. He issued executive orders promoting oil and gas production, ending requirements for electric vehicles and other electric appliances, and started the process of withdrawing from the Paris Agreement and other commitments of the United Nations Framework Convention on Climate Change.

On July 3 Congress passed the One Big Beautiful Bill Act, which was signed into law by President Trump on July 4, Independence Day. The new law significantly amends the landscape of clean energy tax incentives in the United States. I appreciate the

Committee's continued oversight as we assess the implications of this sweeping legislation on our climate goals, energy independence, and economic competitiveness.

The new law introduces substantial changes to the timeline, scope, and eligibility criteria for a wide range of clean energy tax credits. I would like to highlight several key areas:

1. Clean Vehicle Credits (Sections 25E, 30D, 45W)
The law accelerates the expiration of credits for previously owned, new, and commercial clean vehicles to September 30, 2025, replacing the previous expiration date of December 31, 2032. This means that Americans will be able to choose their cars, and will not be forced to buy electric vehicles.

2. Refueling and Home Energy Efficiency (Sections 30C, 25C, 25D, 45L)
The new law shortens the availability of credits for alternative fuel refueling property and energy-efficient home improvements. For example, the residential clean energy credit (25D) now ends for expenditures made after December 31, 2025, nearly a decade earlier than under prior law. People will still be able to choose solar panels on their roofs if it makes economic sense, but this decision will not be affected by tax incentives.

3. Clean Hydrogen and Nuclear Power (Sections 45V, 45U)
The law reduces the eligibility window for clean hydrogen production facilities by five years and introduces new restrictions on nuclear power credits, including disqualification for entities classified as "prohibited foreign entities." This makes sure that America remains independent from China, and does not rely on Chinese components.

4. Clean Electricity and Manufacturing (Sections 45Y, 48E, 45X)
Similarly, the One Big Beautiful Bill Act introduces earlier phaseouts and new restrictions for clean electricity and advanced manufacturing credits. Notably, it prohibits credits for facilities or components involving material assistance from prohibited foreign entities. This supports domestic supply chain resilience, and, together with faster permitting, encourages the development of these critical minerals in the United States.

5. Clean Fuel and Carbon Sequestration (Sections 45Z, 45Q)
The law extends the clean fuel production credit through 2029, but limits eligible feedstocks to those produced in North America. It also standardizes credit amounts for carbon sequestration projects and excludes prohibited foreign entities. These provisions may affect project financing and international collaboration in carbon management.

The One Big Beautiful Bill Act represents a significant shift in federal clean energy policy away from relying on China and towards energy dominance. It strengthens domestic industries and national security, by making sure that America uses its own resources and does not depend on China.

The ease with which President Trump has reversed his predecessors' energy agenda has surprised the global environmental establishment. States are still free to impose their own restrictions on energy production, and many will continue to do so. But states that want to produce energy will be able to, in President Trump's words, "drill, baby, drill," and access "the liquid gold under our feet." The direct consequences will be to lower the costs of American electricity and make it easier to attract energy intensive manufacturing.

International Consequences and Challenges

America has 273 billion barrels of technically recoverable crude oil resources, and almost 3,000 trillion cubic feet of technically recoverable natural gas resources, according to the Energy Information Administration's Annual Energy Outlook 2025, enough to use at home and export to Europe and Asia. President Trump has lifted his predecessor's ban on new natural gas exports, and the floodgates are open for America to dominate world energy markets.

This 180-degree turn will give America leverage among energy-starved regions such as sub-Saharan Africa, Latin America, and South Asia, all areas that are affected by energy poverty. They will be able to purchase natural gas from Uncle Sam.

Energy dominance will make America more competitive. Companies that have factories in Europe and America could choose to expand their American operations. And decoupling from China, another of President Trump's goals, will be far easier with lower energy prices and tax rates.

President Trump's energy dominance agenda is a key component of its foreign policy and his international goals. His new path will allow the United States not only to secure affordable energy for its citizens, markets for its energy exports, and access to new energy natural resources—but to cause the rest of the world to go along.

To encourage more fossil fuel use, President Trump will support loans for fossil fuel power plants in emerging economies, now penalized by the World Bank and other international organizations. The United Nations Net Zero Banking Alliance, a group of 140 banks that pledged not to lend for fossil fuel projects in emerging economies, suspended operations last month after a wave of departures. President Trump will do more for emerging economies by pushing for this commonsense change than by supporting current transfers of $100 billion for renewables arranged through annual Conference of the Parties meetings.

Without reliable electricity that could be used for a manufacturing base, African migrants without jobs and electricity stream to Europe, and Latin American migrants migrate to North America. At the same time, Europe prevents emerging economies from developing their own fossil fuels for cheap electricity to improve lives and industrialize.

Poor people, farmers and businesses in the developing world that lack access to energy despite having huge resources of fossil fuels under their feet could be financed by the World Bank and other financial institutions to produce energy from these resources. This would benefit the 3 billion people around the world without access to electricity or running water. Trump's energy policy may do more to permanently lift people out of poverty than any aid program tried before.

But domination of export markets and their consequences for foreign policy form only part of the international consequences of President Trump's energy revolution. By walking away from the Net Zero fiasco that has taken over the West, and reconsidering the finding that greenhouse gases are pollutants that harm human health, President Trump is putting pressure on other countries to do the same. Casting aside the shackles of Net Zero will cause American growth to accelerate, and other countries will have to take a clear-eyed look at their electricity prices in order to stop the giant sucking sound of manufacturing following the lowest energy prices.

Similarly, when President Ronald Reagan reduced America's top tax rate from 50% to 28% in the Tax Reform Act of 1986, other countries had to follow suit. In 1988 alone, the top rate in Britain declined to 40% from 60%; Canada's top rate went from 34% to 29%; Japan lowered its rate from 70% to 50%; and New Zealand reduced its top rate from 66% to 33%.

The danger of climate change measures is already hurting Europe. Europe's manufacturing sector is closing down due to climate change measures. Germany used to be renowned for its industry, but German industry saw a 4.5 percent fall in production in 2024, the fourth year of decline, with no expected uptick in 2025. German workers are losing their jobs because of climate regulations, with auto industry layoffs due to inexpensive Chinese EV imports. Spain suffered a total meltdown of its grid in May due to its reliance on solar power without sufficient backup.

And now Europe is exporting its energy-scarcity policies to the United States. The EU's Corporate Sustainability Due Diligence Directive (CSDDD) is set to impose draconian environmental restrictions on the global operations of any major company operating in Europe. Starting in 2029, these rules will apply to American companies, including their activities in the United States. If Europe is successful, the result will be that Americans will be pay more for energy and everything it powers. We must not let Europe dictate America's energy policy in this or in other areas.

The goals of American energy policy should be: 1) to remain energy independent using domestic sources of energy which are affordable and abundant, which right now means oil, gas, coal, and nuclear power; 2) to foster affordable, abundant, and reliable energy, both domestically and among allies, and 3) to prevent other countries from weakening our access to energy, whether China and its green energy industry, or the EU and its environmental regulations it is trying to impose on America.

Rather than fitting in with China's agenda, companies should reject environmental policies that raise the costs of doing business and favor the CCP. The rush to a green energy future, driven more by politics and virtue-signaling than economics and emissions reductions, will only enrich China at America's expense and place vital energy supply chains at mercy of Beijing.

The big question is whether the UK and Europe will be able to change their strict Net Zero laws and follow suit. Staying on the same path will sow social unrest as European GDP growth slows, unemployment rises, and differences in standards of living between America and Europe become more obvious. It is crucial that America remain insulated from the EU's self-imposed disastrous energy policies, deindustrialization, and environmental regulations.

Conclusion

We often hear about national security, economic growth, the importance of a strong family, the importance of a strong defense against Russia and China, and the importance of ending illegal immigration. The fundamental building block needed for all these matters is inexpensive, abundant, and reliable energy.

Over the past 20 years the world has spent $9 trillion on subsidies for wind and solar—and the renewable industry still cannot manage without subsidies. This spending does not even help the climate. Government models show that even if Europe stopped using all fossil fuels today, this would only make a difference of one tenth of one degree Celsius by the year 2100. If the US stopped using all fossil fuels today, this would make a difference of two tenths of one degree Celsius by the year 2100.

But this spending does help China, because about 75% of wind and solar panels, and batteries, are made in China. China used almost 5 billion tons of coal in 2024, over half of global coal consumption. China uses coal for over half of its electricity production, and is building two coal-fired power plants a week. In 2024 China began building 95 gigawatts of new coal capacity to make energy intensive products to export to us in the West.

Europe and America are offshoring energy intensive manufacturing to China, where it is being made with dirtier energy. Carbon emissions declined in the US by a billion metric tons over the past 15 years, but rose by about 6 billion metric tons in China.

Imagine if instead of spending valuable euros on green energy, Europe could spend it on its own defense, on arms to help Ukraine, or on policing to reduce human and drug trafficking. Instead, the United States funds Europe's defense, while Europe takes advantage of this subsidy by trying to impose environmental regulations on the United States. With less expensive electricity, Europe's economy would be stronger, leaving even more resources for these and other valuable causes. Here in the United States, we would have stronger economic growth, and we could slow the rate of increase in our national debt, currently over $37 trillion.

Many thanks for allowing me to testify today. I would be glad to answer any questions.

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