

September 7, 2021

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Room H-305, The Capitol
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
United States Senate
Room S-221, The Capitol
Washington, DC 20510

Speaker Pelosi and Majority Leader Schumer,

I write to express my opposition to your pursuit of passing another massive spending package filled with partisan wish-list items and higher taxes on the American people. As our colleague Senator Joe Manchin of West Virginia recently wrote in the Wall Street Journal, "Instead of rushing to spend trillions on new government programs and additional stimulus funding, Congress should hit a strategic pause on the budget-reconciliation legislation."

I agree. One of the most concerning aspects of your proposal is its attack on U.S. energy. Technological breakthroughs and innovation, coupled with the right regulatory structures, has fostered record high domestic energy production. Because of it, our economy boomed, millions of jobs were created, we became energy secure, and emissions dropped faster than any other nation in the world.

As a member of the Senate Environment and Public Works Committee, I am particularly concerned with the proposed fee on methane emissions from oil and natural gas facilities. This punitive plan, based on the Methane Emissions Reduction Act of 2021, would assess an escalating \$1,800 per-ton fee on businesses based on their share of activity in a particular geologic basin versus a company's actual emissions. This would penalize all companies in a region, even those with strong emission performance standards, and divert money that could otherwise be spent on investments to reduce emissions. It could also levy a fee on every company in the supply chain handling the same molecule from the producer to transmission to end user. Given the magnitude of the fee, natural gas utilities will likely seek cost recovery from rate regulators which then results in increased costs for consumers at every income level. Households, including those the President promised wouldn't see a tax increase, will inevitably have to foot the bill. Rising costs and inflation are a de facto tax increase on all the public – not just those you deem to be the rich.

The methane fee is also unnecessary in light of other ongoing efforts. Calls from local communities, consumers, and investors has the industry focused on reducing their environmental footprint. One would be hard-pressed to find an oil and gas company not committed to reducing methane emissions. Further, states and the EPA have regulations on the books to restrict emissions. Just recently, the U.S. Senate passed a bipartisan infrastructure package with the support of every Democrat, which included a bipartisan provision to streamline permitting

hurdles for gathering lines if it reduced venting or flaring methane. This is the right way to go: incentivizing good behavior, not penalizing producers out of existence.

Unfortunately, this policy is only one of many set to harm U.S. energy producers in my state of North Dakota, as well as New Mexico, Pennsylvania, Texas, Colorado, and West Virginia, among others.

Eliminating tax policies such as expensing intangible drilling costs and substantially increasing every existing rate and fee on federal energy resources while simultaneously funneling billions of dollars to preferred industries via a clean electricity program would indicate your effort is more about waging a war on energy production and jobs than a budget measure aimed at revenues and outlays. If passed, these measures will lead to job loss and reduce funding for schools, parks, and other programs directly and indirectly funded by industry royalties and taxes. Most ironically, these proposals would increase global emissions by making us dependent on dirtier foreign sources of energy.

I urge you to resist the insatiable demands from the environmental left and do what is right for all Americans by opposing a new fee on methane emissions from oil and natural gas facilities.

Sincerely,

A handwritten signature in blue ink that reads "Kevin Cramer". The signature is written in a cursive, flowing style.

Kevin Cramer
U.S. Senator