

October 29, 2021

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Yellen:

I write to express concern with the Financial Stability Oversight Council's recent designation of climate change as an emerging and increasing threat to U.S. financial stability while ignoring the present threats of increased instability and rampant cost surges due to rapid closures of reliable baseload power. It is unclear to me that this decision was made based on sound evidence, and appears more likely to be politically-motivated and virtue signaling. More concerning to me is that you have stated that your report on this topic is just the "first step."

What the Biden administration is not telling the American people is that thanks to American innovation, not regulation, the United States leads the world in absolute reduction of emissions. In fact, the United States transitioned from a net importer to a net exporter of energy in large part due to the shale revolution, while simultaneously reducing our energy related carbon emissions reductions by 15% since 2007. Meanwhile, China's emissions continue to rise.

In recent months, we have seen the world become gripped by a severe energy crunch, saddling consumers with prices that are in many cases near historic highs. Record coal and gas prices are causing rolling blackouts across Europe, and supply disruptions due in large part to an overreliance on intermittent power sources such as wind and solar. These supply disruptions have placed Russia, the main supplier of natural gas to Europe, in a position of economic and geopolitical strategic strength. Energy prices in the United States have also increased significantly. However, because of our nation's pro-energy and pro-growth stances before the Biden Administration took over, we have been shielded from the catastrophic increases facing other countries. I'm deeply concerned that President Biden's policies designed explicitly to chill investment and financing of baseload energy, such as oil, natural gas and coal, threaten our energy security and will lead to unbearable increases to domestic energy costs.

We cannot let this happen. We cannot let what Europe is experiencing, happen in the United States.

Given this situation, I have several questions on which I would appreciate your opinion:

- Do you believe an increasing imbalance between demand and supply of energy, resulting in continuing escalation of prices, poses a threat to financial stability?

STEVE DAINES
MONTANA

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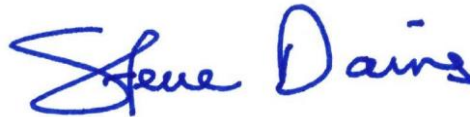
United States Senate
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- Is halting domestic energy production from the Keystone Pipeline while simultaneously asking OPEC+ to increase production, as the Biden Administration requested on August 11, helpful for U.S. financial stability?
- Would you agree that encouraging divestment from reliable baseload energy sources, whether explicitly or implicitly, before new energy sources to meet demand come online, could exacerbate financial tensions?

Thank you for your swift attention to these questions.

Sincerely,



Steve Daines
United States Senator