

# On the Grid: It's the Economy! 4/15/22



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The newly released Consumer Price Index (CPI) report shows what Americans have been feeling for weeks—inflation is sky high and prices are rising on everything from bread and milk to utility bills and gasoline. Like everyone else around the country, we're stressed by the bite our commute to work and grocery shopping is taking out of our wallet, let alone saving for life's inevitable emergencies.

With Americans in every corner of the country struggling with inflation, this week we're talking about solutions that policymakers can use to help reduce the pain of prices. We also share some as well as effective messaging that can be deployed throughout this crisis that communicates those policy goals.

## 1. Breaking Down CPI



On Tuesday, the Bureau of Labor Statistics released March's Consumer Price Index (CPI) report, which showed the inflation rate jumped to 8.5%, the highest spike since 1981. While this was a shock, it was not a complete surprise. Putin's Price Hike increased oil and gas prices around the world and the Bureau only *just* captured that impact in the most recent CPI report. Energy prices typically impact around 8% of the CPI. So, when energy prices rise, we see a significant impact on the inflation rate.

Inflation notwithstanding, the underlying economy is in solid shape; the unemployment rate is at a record low as thousands of jobs are added to the market every month. To fully understand both sides of the economic coin, I sat down with Dr. Ellen Hughes-Cromwick, Senior Resident Fellow and economist on the Climate and Energy team to discuss details of the report and the economic outlook moving forward.

**Mary Sagatlova: The inflation rate rose to 8.5% in this new report – should Americans be worried?**

*Ellen Hughes-Cromwick: "A major downside to this inflation rate is that wage gains are not coming up to match this inflation spike. Workers' cost of living is rising and because we are not seeing significant wage gains, it's eating away at their pocketbook income. We are already seeing data that shows people are buying less gas, this could be a recipe for economic growth slowing down."*

**MS: While this spike in inflation was anticipated, the more modest rise in core inflation was a surprise. How are you seeing this?**

*EHC: "Core inflation is a valuation that excludes the more volatile food and energy prices, which makes up the core of the CPI report. The fact that we're seeing a drop in the core inflation rate, we're seeing it diverge, this is a good signal for topline inflation dropping in the coming months."*

**MS: There's been a lot of pressure on the Biden-Harris Administration to take action to curb inflation—what are some concrete steps that can be taken to bring down inflation?**

*EHC: "The Administration's release from the Strategic Petroleum Reserve (SPR) is having an immediate effect on buffering some of the unexpected shocks to low oil supply. Continuing with that, in tandem with*

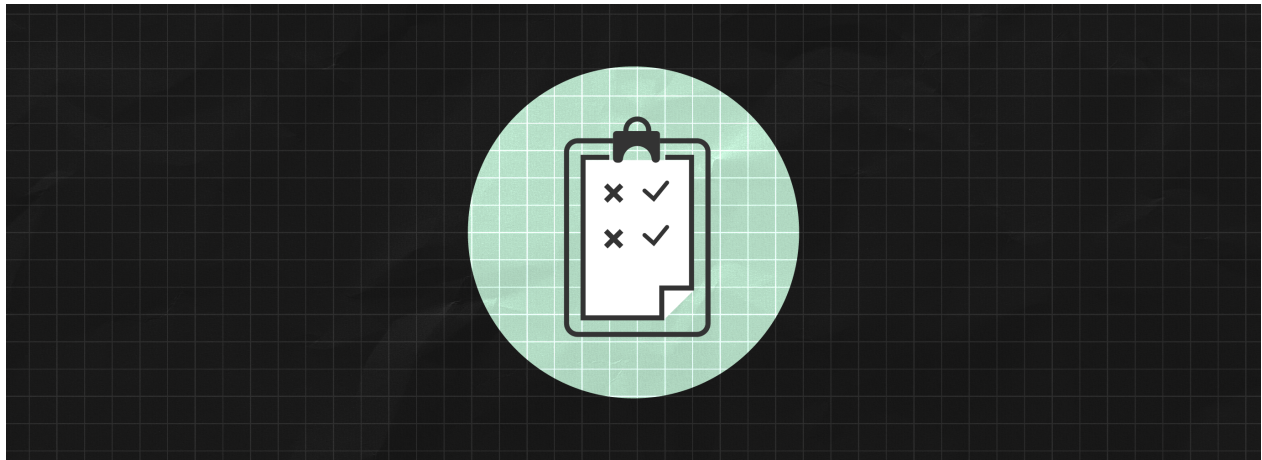
*other countries following suit, will help alleviate the pressure in the market on oil and petroleum.*

*It's all about helping households with higher energy costs—getting more funding for weatherization, a low-income heating and energy assistance program for low-income families, etc. But the SPR release is the most impactful.*

*We can't bring down inflation with a finger snap, but through very stimulative policies coming out of the Federal Reserve, our economy is strong. We've seen great GDP growth and record low unemployment numbers, all due to the appropriate fiscal policies and lowered interest rates. The Reserve has a powerful toolkit in front of them and can reverse some of those low-interest rates in a way that won't hurt the economy or American jobs."*

Read Ellen's earlier [work](#) on steps the Biden Administration could take to address high energy prices, which is still relevant today!

## **2. Don't Get Caught in the Republican Web**



Rather than offering concrete solutions to help drive down costs, Republicans have been using the increase in energy prices to attack President Biden's climate policies, like his cancelation of the Keystone XL Pipeline and expansion of clean energy technology.

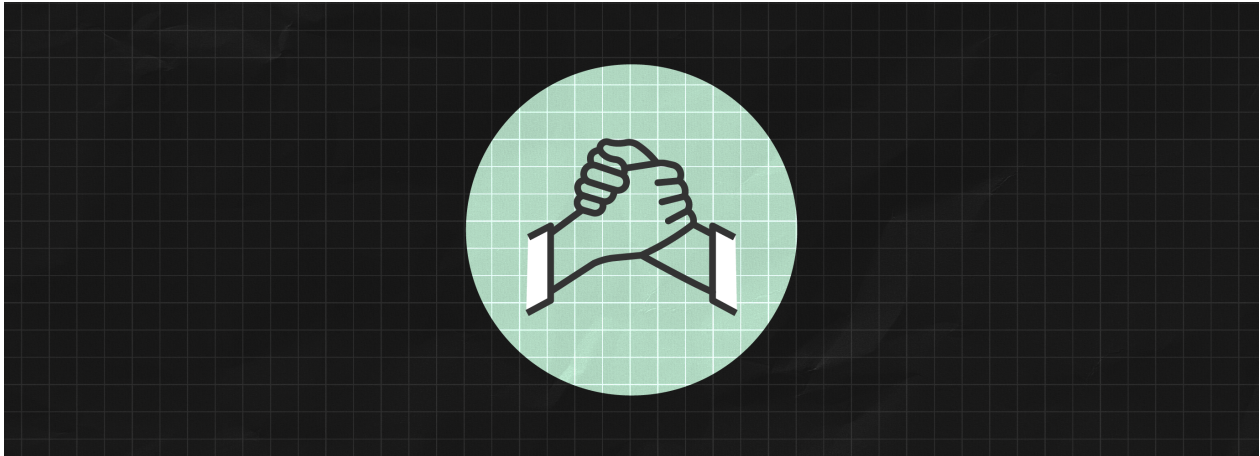
To help push back on false narratives we've seen, we put together some short talking points.

- The Biden Administration has increased domestic energy production to drive down prices by approving permits for oil and gas drilling on public land and expanding the number of operational oil rigs in the US.
- President Biden released more than 120 million barrels of oil from the Strategic Petroleum Reserve to drive down costs for American families and businesses, as well as our allies overseas.

- The Biden-Harris Administration, along with Democrats in Congress, has been expanding a diverse set of clean energy technologies that will save American families an average of \$300 a month through cleaner, reliable, and more affordable American-made power, fuels, and vehicles.

For more detail, read our full talking points [here](#).

### 3. Great Ideas: US & European Partnership



This week, co-founder of Carbon-Free Europe and Senior Vice President for Third Way's Climate and Energy Program Josh Freed sat down with Matt Robison on his podcast series *Great Ideas* to unpack the energy market dynamics of Europe and the US in light of a rapidly shifting geopolitical landscape.

Russia's chokehold on European energy has proven difficult to shake. Despite their best efforts, both the UK and EU still heavily rely on Russia to meet oil and gas demand for heating and electricity. Modeling from our [Carbon-Free Europe](#) initiative shows that Europe can rapidly reduce their gas demand, and Russian energy by association, by shifting to cleaner energy sources like solar, onshore and offshore wind, hydropower, and biomass.

The US has the chance to plug into Europe's struggles, jumping off the momentum of our clean energy build-out. We can support nations in the short term with our cleaner liquified natural gas (LNG) exports while also accelerating clean energy commercialization and export to help supersede the boom-bust cycle of global oil markets. Freed and Robison also discussed Freed's recent piece in

Listen to the full podcast [here](#).

### 4. We're Hiring

# JOIN OUR TEAM

The clean energy policy conversation is expanding...and so are we! The Climate and Energy Program is looking for people with talent and a passion for climate solutions to fill two new roles on our team. If you've got anyone in your mental rolodex who you think might be a fit, please send them our way. And if you wanted to circulate these job postings more broadly with your networks, we wouldn't mind that either!

**Executive Coordinator:** This person will manage scheduling, meeting set-up, and meeting and calendar logistics for the Senior Vice-President, as well as provide background research in preparation for meetings and events, plan logistics of online and in-person events, prepare expense reports, and file consultant invoices and reimbursements. *(1 year of relevant work experience preferred)*

**Communications Coordinator:** This person will craft and implement communications rollout strategies for clean energy products and research, pitch to and manage relationships with climate and energy press, manage our social media strategy, and support the email and marketing needs of the climate and energy program. You'll also get to work on this very newsletter! *(1 year of experience in communications or clean energy work preferred)*

**Policy Advisor for Transportation:** This person will focus predominantly on policies to decarbonize the aviation sector by conducting original-source research and analysis, and authoring high-impact written reports, memos, and op-eds to better understand and explain the importance of policies, federal funding changes, and technologies that are necessary to eliminate emissions from aviation and provide associated benefits for the US economy, jobs, security, public health, and climate. *(1 year of experience in transportation, clean fuels policy, or a relevant field)*

**Deputy Director for Innovation and Clean Industry:** This person will help set policy, advocacy, and product strategy and supervise multiple team members working on issues surrounding energy innovation, carbon management, and industrial decarbonization while overseeing in-depth research and quantitative analysis to better understand and explain our policy goals in specific issue areas that relate to American clean energy innovation, deployment, and competitiveness. *(5+ years of experience in clean energy policy)*

## 5. What We're Reading and Listening To



- Robinson Meyer in *The Atlantic* introduces “Frontier”, an alliance of big-name companies like Google, Meta, Shopify, and Stripe, that will buy \$925 million in carbon removal over the next eight years. This initiative was announced just as the IPCC report was released, stating unequivocally, that in addition to transitioning to carbon-free technology, we need to capture and store more than 1 billion tons of carbon dioxide a year to ensure temperatures don’t peak above 1.5°C. Frontier could play a critical role in shifting the private sector towards developing and partaking in climate solutions.
- Jon Hurdle in *Wired* discusses the stark realities of climate migration and how environmental disasters will displace Americans across the country, pushing them towards the Appalachian and New England areas, drawing parallels to similar struggles in South America occurring now.
- Bill Loveless, in the *Columbia Energy Exchange* podcast series, welcomed guest Abigail Wulf to discuss how Russia’s invasion of Ukraine is impacting global supply chains of critical minerals that are essential to our clean energy transition and economy. Wulf and Loveless discuss how the US government can take steps like utilizing the Defense Production Act to enable greater production of these key materials in the US.