

Public Statements & Remarks

Opening Statement of Commissioner Kristin N. Johnson at the Energy and Environmental Markets Advisory Committee Meeting

February 13, 2024

Introduction

Good morning. Thank you, Commissioner Mersinger, Committee Secretary Lauren Fulks, Backup Secretaries JonMarc Buffa and Lillian Cardona, and the members of the EEMAC. It's a pleasure to join for your first meeting of 2024.

Role of Metals Markets in Transitional Energy

The agenda today includes a number of important topics, chief among them issues concerning the supply of, and markets for, rare earth elements.

This issue has been a priority for the Biden Administration. In 2021, President Biden signed an Executive Order on America's Supply Chains, which included the commission of a report from the Secretary of Defense to identify "risks in the supply chain for critical minerals and other identified strategic materials, including rare earth elements (as determined by the Secretary of Defense), and policy recommendations to address these risks."^[1]

The Inflation Reduction Act, signed into law in 2022, included numerous provisions directed at the supply of rare earth elements:

- The law "includes a new tax credit for domestic manufacturers of 'eligible components,'" including rare earth elements.
- The law "also includes \$500 million of additional funding under the Defense Production Act (DPA), which grants the President authority to direct economic incentives to secure domestic production of critical resources."
- Finally, the law authorizes \$40 million in loan guarantees that the Department of Energy can provide "to projects that 'increase the domestically produced supply of critical minerals.'"^[2]

Even more recently, the Department of Energy announced the results of its analysis of lithium resources in the Salton Sea region of California. The analysis found that, "with expected technology advances, the Salton Sea region's total resources could produce more than 3,400 kilotons of lithium, enough to support over 375 million batteries for electric vehicles (EV)—more than the total number of vehicles currently on U.S. roads."^[3]

According to Jeff Marootian, Principal Deputy Assistant Secretary for Energy Efficiency and Renewable Energy, "[t]his report confirms the once-in-a-generation opportunity to build a domestic lithium industry at home while also expanding clean, flexible electricity generation. Using American innovation, we can lead the clean energy future, create jobs and a strong domestic supply chain, and boost our national energy security."^[4]

Through strong leadership from President Biden, coupled with the responsible development of our natural resources, we can hope to lead the way in developing essential industries, particularly those related to the creation and use of renewable energy.

Conclusion

Here at the CFTC we have an important role to play in facilitating robust financial markets that enable the production and productive use of basic, essential commodities, including rare earth elements. I look forward to today's discussion and the ways it will advance our understanding of this critical topic.

[1] E.O. 14017 (Feb 24, 2021), Executive Order on America's Supply Chains | The White House (<https://www.whitehouse.gov/briefing-room/presidential-actions/2021/02/24/executive-order-on-americas-supply-chains/>).

[2] Oscar Serpell, *Impacts of the Inflation Reduction Act on Rare Earth Elements*, Kleinman Center for Energy Policy (Sept. 24, 2022), *Impacts of the Inflation Reduction Act on Rare Earth Elements* - Kleinman Center for Energy Policy (upenn.edu). (<http://www.cftc.gov/exit/index.htm?https://kleinmanenergy.upenn.edu/news-insights/impacts-of-the-inflation-reduction-act-on-rare-earth-elements/>)

[3] *U.S. Department of Energy Analysis Confirms California's Salton Sea region to Be a Rich Domestic Lithium Resource*, U.S. Dept. of Energy (Nov. 28, 2023), U.S. Department of Energy Analysis Confirms California's Salton Sea Region to Be a Rich Domestic Lithium Resource | Department of Energy (<https://www.energy.gov/eere/articles/us-department-energy-analysis-confirms-californias-salton-sea-region-be-rich-domestic#:~:text=Conducted%20by%20DOE%E2%80%99s%20Lawrence%20Berkeley%20National%20Laboratory%2C%20the,total%20number%20of%20vehicles%20currently%20on%20U.S.%20roads.>).

[4] *Id.*

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