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On the Grid: Operation Epic Failure

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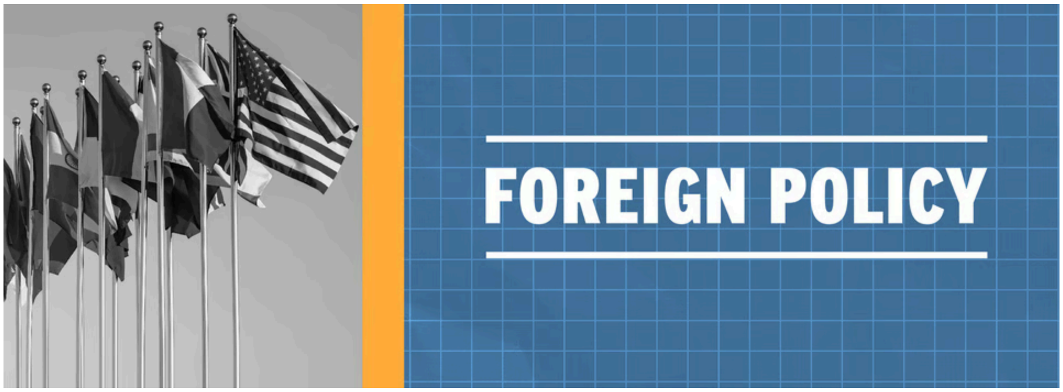
Hi Friend!

Welcome back to *On the Grid*, Third Way's bi-weekly newsletter, where we'll recap how we're working to deploy every clean energy technology as quickly and affordably as possible.

We're excited to have you join us!



Six months ago, Donald Trump pushed the US into a reckless war of choice with Iran without a clear objective, a viable endgame, or a convincing case for why it would make Americans safer. We were clear in our opposition from the start: Iran is dangerous and its nuclear ambitions even more so, but that is not in itself a case for war. A threat can be real, and a war to address it can still be a terrible idea.

Right now, much about where this war goes next remains uncertain. What is clear is that the administration is no closer to achieving its stated goals. Iran's regime is still firmly in power, a nuclear deal remains far out of reach, and the conflict has become exactly the kind of costly, open-ended quagmire Americans were promised it would not be. Eighteen American service members have been killed, hundreds more wounded, tens of billions of taxpayer dollars spent, and critical US munitions stockpiles depleted. It's also abundantly clear that the administration did not prepare for the wide-ranging impacts on energy markets.

What We Know: Traffic through the Strait of Hormuz remains a fraction of normal levels, Brent crude has averaged roughly $90 a barrel–compared with $70 last year–and disruptions to refineries in the Gulf have kept diesel and jet fuel prices elevated even as crude has come down from its initial peak. Meanwhile, global LNG and fertilizer supplies have also been squeezed, pushing the consequences into electricity and agriculture markets around the world. In the US, gasoline is now above $4 a gallon–roughly a dollar more than a year ago.

Why This Matters: From the beginning, we've warned that a war in the center of global oil production would quickly show up at home, especially in Americans' energy bills. When we took stock of the damage in mid-June, our analysis found that the war had already cost the average American car owner more than $156 in additional fuel costs, while the average SUV owner had paid more than $232. And those were the costs after just a few months. We estimated that if instability in the region continues, those costs could rise to nearly $446 per car if gas prices remain elevated, with a typical two-vehicle household facing over $1,000 in added fuel costs.

But the impact of higher energy prices goes well beyond what Americans pay at the pump. Recent analysis from Third Way's Foreign Policy team shows how high costs are rippling through communities across the country: school districts are spending more to fuel buses, farmers are getting squeezed by higher diesel and fertilizer costs, towns are delaying road projects, and ambulance services and food banks are stretching already-tight budgets to keep vehicles on the road. Six months in, the cost of Trump's reckless war is finding its way into just about everything.

What We're Doing: Americans aren't naïve about Iran. Our polling found that 67% of voters consider Iran an enemy, and majorities across party lines are concerned about the threat it poses to US national security. But a majority also says the war has made America less safe, with the loss of American lives, the cost to taxpayers, and rising gas prices among their biggest concerns about the war.

That distinction has guided our work from the beginning. Our Energy and Foreign Policy teams have been tracking the consequences of the war at home. Our latest analysis looks at what six months of war have actually delivered, what it has cost Americans along the way, and what Democrats should be saying at this moment.

- Christopher Cox, in the *New York Times*, argues that America’s power grid is outdated and dangerously vulnerable, and that a coordinated attack on a small number of substations would cause a catastrophic blackout.
- Christina Lu, in *Foreign Policy*, examines Japan’s long struggle to reduce dependence on Chinese rare earth minerals and what this means for US efforts to reduce reliance on Chinese critical minerals.
- Sarah McCammon, on the *What it Takes* podcast, sits down with Michigan Senator Elissa Slotkin to discuss, among other things, US competition with China and a ban on Chinese vehicles.