

**TESTIMONY OF
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GOVERNOR
STATE OF MAINE**

**BEFORE THE
SUBCOMMITTEE ON ENERGY AND POWER
COMMITTEE ON ENERGY AND COMMERCE
U.S. HOUSE OF REPRESENTATIVES**

**DISCUSSION DRAFTS ADDRESSING
FEDERAL HYDROPOWER AND NATURAL GAS PERMITTING**

MAY 13, 2015

Good morning Chairman Whitfield, ranking member Rush and members of the subcommittee. Thank you for the opportunity to testify today and for the efforts this Committee will take to modernize our federal permitting process for energy infrastructure.

America's energy challenges can be addressed with our continent's natural resources. Innovation, research and development, and private capital have catapulted our energy situation from one of weakness to one of strength. In particular, the natural gas production renaissance has lifted our economy and given American manufacturing a strategic competitive advantage.

While the speed of energy technology innovation has increased, our federal permitting process has languished. The process is often hijacked by activists who are not looking to improve projects or raise substantive environmental considerations. Rather, their objective is simply to block critical energy infrastructure across the country – to keep projects stuck in bureaucracy and to hold our economies back. In many cases, bureaucracy has replaced democracy in our country.

In Maine, we have seen firsthand the consequences of failing to advance energy projects. Unlike much of the northeast, Maine continues to have manufacturing jobs. Maine is the only New England state where the industrial sector is the largest consumer of energy. Margins are tight in the manufacturing sector, and sawmills and paper mills in Maine watch the price of energy very closely to ensure profitability.

In the winter of 2012 to 2013, it became apparent to some of our biggest employers that the region had major infrastructure challenges. Over the last 15 years, our region has become increasingly reliant on natural gas. New England's electricity production from natural gas has shifted from roughly 15 percent in 2000 to 44

percent in 2014 – but our natural gas infrastructure has not grown to meet this increased demand. Transportation of natural gas from the west to east hit a bottleneck that winter, causing prices to spike from \$3 per MMBtu to nearly \$20 per MMBtu. Prices in New England were the highest in the world, despite the fact that the most prolific gas production on the planet is less than a day’s drive away.

In the winter as prices now spike with the cold temperatures, many factories will go idle. Since the bottleneck emerged over two years ago, the state has lost two major manufacturers, and many employers shut down for the coldest periods of the winter. It is not just manufacturing. The region has seen electric bills spike to an average price of 17.34 cents per kWh – increasing in some areas by as much as 100 percent. This disproportionately affects our elderly and low-income households, and it is costing our region billions of dollars in artificially high energy costs.

Natural Gas Permitting

We need a sense of urgency at the federal level to approve interstate pipelines that will address these energy price spikes and get energy to the market. The draft bill before you would, in my view, help modestly. As you know, there are multiple federal agencies involved in the permitting process, ranging from the Army Corps of Engineers to Fish and Wildlife. The draft bill would continue to use the expertise of these agencies, but firmly establishes the Federal Energy Regulatory Commission as the lead federal agency to coordinate review of the projects.

There are major projects proposed in New England to bring natural gas to households and employers. Federal law should reflect that these pipeline projects are critical to our economy, and there should be one lead agency that has the clear authority to coordinate the review of the projects. It makes no sense that it should take 3 to 5 years to construct a pipeline, especially when the economic consequences are massive.

I encourage the Committee to support the draft bill and continue to work to return our country to one that can carefully, but quickly, build the infrastructure that our country needs.

Hydropower Permitting

Our country has ignored the benefits of hydropower production and potential. New England is waking up to the fact that our region cannot meet our environmental objectives without additional hydropower resources and is partnering with our Canadian counterparts to take advantage of our largest trading partner’s surplus of hydropower. We are now looking for a cross-border route for a transmission project, and we hope the federal government reviews the project that is selected by the region very quickly. To that end, I appreciate the Committee’s efforts to streamline the approval of cross-border energy projects. The current process, established through a patchwork of Executive Orders, has become bogged down and

subject to potential political interference. Congress should replace the Presidential Permit review with clear statutory authority that establishes a more transparent and efficient review process for pipelines and electric transmission facilities that cross the borders of the United States with Canada or Mexico.

Domestically, we should also be promoting the development of hydropower, especially at existing facilities. Maine has one of the cleanest electricity-generating fleets in the country, and hydropower is a major factor producing 26 percent of the total power and 723 MegaWatts of installed capacity. My Administration has undertaken an inventory of hydropower in our state to see if we can add capacity to increase energy diversity and continue to lower pollution. The report was released this February and found the state has 68 unpowered dams that represent a total addition of approximately 70 MW of additional capacity, most of which are below 5 MegaWatts.

It makes no sense that these existing dams should be under the purview of the federal government through the Federal Power Act if they add power production. In these situations, the Federal Power Act just adds red tape and duplication. States should have the authority to permit these facilities and work with the local population and environmental agencies to transition a non-operational dam to one that is producing local, clean and consistent power.

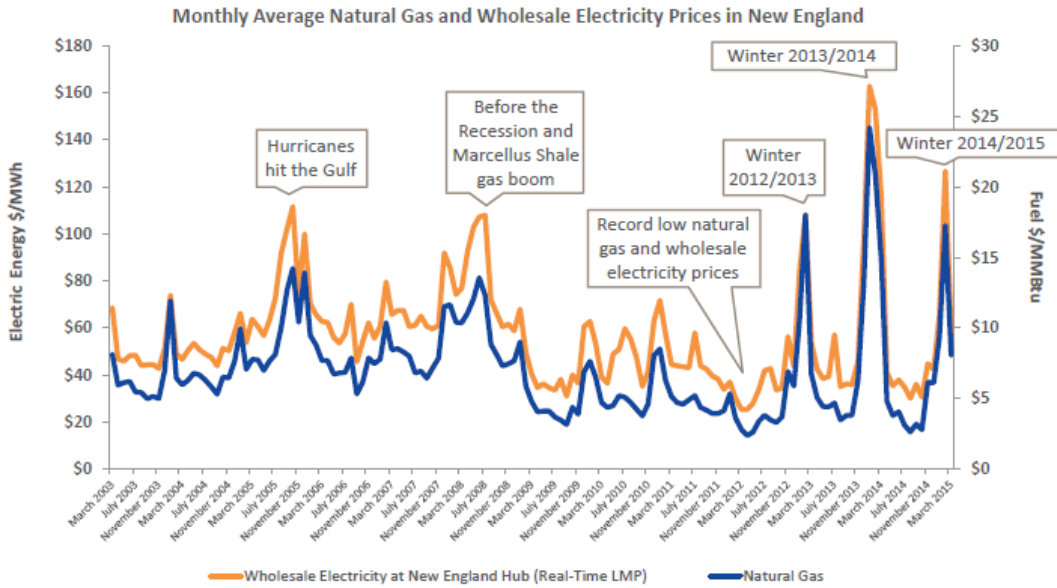
Conclusion

Our federal regulations need to be overhauled to unleash our country's economy. Natural gas and hydropower are ready to power our idle mills. I appreciate the work that this Committee is doing to bring rationality to the federal permitting process. I encourage the Committee to adopt these modest bills and to continue the work to accelerate the energy infrastructure projects that can bring additional prosperity to Maine and the rest of the country. Congress needs to take back our country from the overzealous activists that are taking advantage of the bureaucracy and tying our country up into knots.

I thank the Chair and Ranking Member and welcome your questions.

Appendix

Natural gas and Electricity Prices in New England – Source ISO-New England



New England versus rest of the country – Retail Electrical Costs – Source New England States Cooperative on Electricity

