



## **Statement of the U.S. Chamber of Commerce**

### **“LIFT AMERICA: MODERNIZING OUR INFRASTRUCTURE FOR THE FUTURE”**

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**U.S. House Committee on Energy & Commerce**

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The Chamber’s mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

Good morning Congressman Pallone, Ranking Member Walden, and members of the Committee. My name is Christopher Guith and I am the Acting President of the Global Energy Institute, an affiliate of the U.S. Chamber of Commerce (“the Chamber”). The mission of the Global Energy Institute is to unify policymakers, regulators, business leaders, and the American public behind a common-sense energy strategy to help keep America secure, prosperous, and clean. The Chamber appreciates the opportunity to testify today on the importance of bolstering the nation’s clean energy infrastructure.

## **Introduction**

America’s energy infrastructure provides a complex system of vital arteries making real-time deliveries of electricity, natural gas, and liquid fuels and products to every corner of the country to satisfy consumer demand. With more than 2.7 million miles of pipeline and 7 million miles of electric transmission and distribution lines, United States has the largest, most advanced, and most interconnected energy system in the world. With some limited exceptions, America’s energy infrastructure has been privately built and financed. It serves as an economic engine that literally fuels and powers the entire economy from coast to coast.

As the U.S. energy landscape continues to change, in some cases dramatically, the need to site, permit, and build new energy infrastructure predictably and transparently is increasingly important to capturing the economic and environmental benefits provided by American innovation. Unfortunately, the permitting process is neither predictable nor transparent, which discourages investment and often delays and in some cases prevents new energy infrastructure from being built. This in turn robs the U.S. economy of the economic benefits of these delayed or unbuilt resources as well as the environmental benefits they would accrue through emissions reductions. As Congress considers potential infrastructure legislation, it is imperative that permit streamlining be included as part of it.

## **LIFT America Act**

The Chamber appreciates the introduction of H.R. 2479, the “Leading Infrastructure for Tomorrow’s America Act” or LIFT America Act, and recognizes Chairman Pallone and members of this committee for their leadership and efforts to deliver what we believe could become historic legislation. While Chamber members have significant interests in this entire legislative effort, I will be focusing on the sections of the LIFT America Act relating to “Clean Energy Infrastructure and “Drinking Water Infrastructure.”

This legislation represents a meaningful contribution to the process of creating a comprehensive infrastructure package. While we continue to analyze this legislation, there are many parts of it that could benefit the U.S. economy and foster cleaner, lower-emitting technologies.

Specifically, we support the reauthorization of the Diesel Emissions Reduction Program, which has proven to be a model example of the cooperative, solutions-focused framework that is central to the Clean Air Act's success: bringing together a broad and diverse coalition of regulators, manufacturers, and emissions control providers to work together to improve air quality.

Similarly, we encourage Congress to also include H.R. 1166, the "Utilizing Significant Emissions with Innovative Technologies Act" (USE IT Act), a bipartisan effort led by Representatives Peters (D-CA), McKinley (R-WV) and others to support carbon utilization and direct air capture research.

We also support the legislation's reauthorization of the Weatherization Assistance Program, which has brought meaningful upgrades to the homes of more than seven million American families, reducing their energy bills an average of \$283 annually. However, we are concerned that the legislation would divert funding from the program's successful focus on efficiency and weatherization improvements with its inclusion of renewable energy technologies which it addresses elsewhere.

Additionally, we are supportive of the authorization increases contained in the proposed legislation as a solid step in meeting the \$82 billion annual gap in water infrastructure investments at all levels of government. We would also support similar increases for programs such as the Water Infrastructure Finance and Innovation program (WIFIA) and the new technology innovation grant program.

The Chamber is also supportive of the authorization of \$20 million annually for three years for the Indian Reservation Drinking Water Program. This effort offers a solid example of the important partnership between industry and labor in implementing these projects.

Similarly we support the authorization of \$2.7 billion over five years for EPA's Brownfields redevelopment grants, which will jumpstart communities, build economic growth, and bring valuable land back into development.

The creation of the Assistance for Community Water Systems Affected by PFAS (per- and polyfluoroalkyl substances) also is welcome. A new PFAS program, however, should not come at the expense of existing drinking water programs. New funding is needed.

The legislation's creation of a Strategic Transformer Reserves program is a commendable effort, though seemingly unnecessary. Several industry efforts are already in place to address the issue of transformer stockpile and deployment in response to electricity interruption. Moreover, in 2015 Congress directed the Department of Energy to analyze the need for such a reserve. Oak Ridge National Laboratory conducted a technical analysis and DOE ultimately reported to Congress, "DOE does not recommend creation of a federally-owned reserve. Rather the most efficient and effective approach is one which builds on industry-based approaches and their ongoing efforts to achieve greater transformer resilience in the face of evolving threats."

As such, the \$75 million annual authorization for this part should instead be focused on the implementation of the Transformer Resilience and Advanced Components program, which aims to reduce the vulnerabilities of large power transformers and develop equipment designs that are both more flexible and resilient to evolving threats.<sup>1</sup>

The Chamber is concerned about the creation of various refined products reserves. Unlike crude oil storage, a products reserve requires constant inventory rotation as refined products degrade over time. Additionally, given the different regional, state, and seasonal specifications, managing the inventory and rotation of various products would be challenging. Moreover, the fuel manufacturing industry continues to invest in hardening its physical assets against weather interruptions and mitigating consumer impacts.

Finally, on the general topic of funding, we would be concerned if monies appropriated for these activities come at the expense of the crucial applied and general research, development, and demonstration work carried out by the Department of Energy and its National Laboratories in partnership with the private sector and academia.

In general, however, the Chamber is supportive of many of the reauthorized and new programs included in the LIFT America Act, and as we continue our analysis and member consultation, we commit to working with Congress to ensure that this legislation provides the greatest improvements in energy infrastructure while minimizing unintended consequences.

## **General Infrastructure Principles**

For almost one hundred years, America's infrastructure has been the envy of the world. From the transcontinental railroad to electric streetcars, from subways to the interstate highway system, freight rail connections to the world's most advanced aviation system, our history of providing state-of-the-art transportation infrastructure is impressive.

While our infrastructure continues to evolve, Congress must appreciate the fact that most of this system was built 60 to 150 years ago. The Chamber believes the time has come to enact a federal infrastructure modernization plan to provide every American a 21st Century system.

The Trump Administration has been vocal about the need to rebuild and vastly improve our infrastructure, and Congress, on a bipartisan basis, has also indicated its willingness to work on solutions.

The time is now for elected officials in Washington to take charge and tackle the problem with both adequate funding and a long-term plan.

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<sup>1</sup> Strategic Transformer Reserve Report to Congress, U.S. Department of Energy, March 2017

For years, the Chamber has supported meaningful action to reinforce our once unequalled infrastructure, and we have continued to offer a slate of potential solutions to prove it.

Last year, the Chamber laid out four pillars the Administration and Congress should consider including in the infrastructure modernization debate:

1. Increasing the federal fuel user fee by 5 cents a year for the next 5 years for surface transportation projects.
2. Implementing a multi-faceted approach for leveraging more public and private resources.
3. Streamlining the permitting process at the federal, state, and local levels.
4. Expanding the American workforce through work-based learning and immigration reform.

While all four pillars are inter-related and all essential to rebuilding America's infrastructure, for the remainder of my testimony I am focusing primarily on number 3, Streamlining the Permitting Process.

### **Permitting Certainty & Predictability**

There is a growing consensus that the federal permitting regime is moribund and inefficient, discouraging capital investments in new and upgraded infrastructure the market is demanding. This in turn reduces the economic, security, and environmental benefits Americans could realize from these new investments.

One pillar of the Chamber's infrastructure proposal is streamlining the permitting process. Ignoring permitting reforms would prolong an inadequate, inefficient, often counterproductive system of bureaucratic review that provides decreasingly less certainty to project sponsors and investors and ultimately defeat the purpose of the legislation. Any infrastructure proposal that fails to reform the permitting system, therefore, risks losing Chamber support.

As our president and CEO Tom Donohue has said, it should not take longer to approve a project than to build it. Environmental reviews and public input remain crucial to the process—but they cannot go on and on forever. Let us stop holding private investment hostage while projects are held up by permitting delays.

The oil and natural gas industry alone is poised to invest up to \$1.34 trillion dollars through 2035, or about \$71 billion per year, to bring clean, affordable, and secure energy to Americans and, increasingly, to global markets. History indicates, however, that not all of that investment will be realized without a sober evaluation of our current permitting process.

The Chamber believes that all federal infrastructure approvals should be completed within two years, which is plenty of time to address relevant issues. State and local projects benefiting from federal funding or financing should also adhere to a two-year timeline, which should run concurrent to the federal process.

As an additional method to help streamline permitting and eliminate duplicative and sequential reviews, we would like to see a provision to require a single lead agency to shepherd a project through the process from start to finish.

The Administration has recognized the need for reform from day one and has implemented the “One Federal Decision” reform by Executive Order (EO) 13807. This EO also cut permitting time for infrastructure down to two years.

Now, it’s up to Congress to codify these provisions of this EO into law so that we have long-term certainty that projects can be completed in a timely and efficient manner.

Codifying the “One Federal Decision” and two-year timeline can be aided by Congress’ continued commitment to the reforms it created in Title 41 of the Fixing America’s Surface Transportation Act (FAST-41). FAST-41 is key to modernizing America’s infrastructure by maximizing the use of limited resources. It ensures that environmental reviews and permit decisions are not unnecessarily delayed by facilitating greater coordinating efforts, minimizing duplicative effort, and eliminating waste, not by cutting corners or reducing necessary protections of health and the environment.

The permitting dashboard and Federal Permitting Improvement Steering Council (FPISC) created by FAST-41 have already paid dividends in reducing the uncertainty and increasing transparency for dozens of clean energy infrastructure projects ranging from wind to solar to hydro-electric to natural gas, in addition to flood mitigation and coastal restoration. In total, more than half of the projects receiving assistance from FPISC and being tracked on the dashboard are clean energy projects or transmission projects to deliver generation from clean energy facilities to customers.

Passage of FAST-41 represented a major bipartisan accomplishment garnering support from environmental organizations and the business community. Despite the success of FAST-41’s reforms, the need has continued to grow. Congress should permanently reauthorize FAST-41 in any infrastructure package.

Finally, another important opportunity for permitting improvement could be addressed through improving the efficiency and efficacy of reviews under the National Environmental Policy Act (NEPA). Far too often, well-intentioned environmental reviews and authorizations – including NEPA reviews – have become untethered to the scope and requirements for review and instead serve as unnecessary barriers to important projects. The Chamber has provided detailed comments on how to strengthen NEPA reviews through reforms that improve scoping and re-focus agency analysis on information that is meaningful and potential effects that are reasonably foreseeable and proximate to the federal action under consideration. While these changes are already consistent with the statute, Congress can aid in providing greater clarity that restores NEPA’s purpose as a decision-making tool and environmentally protective “shield” and limits its abuse as a “sword” used to block or delay permitting.

## **Clean Energy Infrastructure**

Global climate change is one of the most complex and far-reaching issues facing governments and the businesses community. The Chamber recognizes that the climate is changing, humans are contributing to these changes, and these changes pose risks. The question for businesses and policymakers is how to best manage these risks, capture opportunities, and maintain our global economic leadership. Inaction is not an option.

The Chamber believes there is much common ground on which all sides of this discussion could come together to craft a practical, flexible, predictable, and durable approach to climate change that acknowledges the costs of action and inaction and the competitiveness of the U.S. economy.

We believe that technology and innovation, supported by sound and durable policies, offer the best solution for managing climate risks and reducing emissions across the United States and the globe.

Breakthroughs in commercially-viable technologies are necessary to enable significant cuts in GHG emissions without harming economic growth or the competitiveness of energy-intensive trade-exposed industries. Indeed, the development of technology and its commercial adoption are among the most important factors determining how quickly and at what cost greenhouse gas emissions can be reduced. Existing technologies have started us on this path, but they are not capable of significantly reducing greenhouse gas emissions on a global scale and at an acceptable cost. New, and in some cases revolutionary, energy technologies will have to be developed and adopted commercially along with the infrastructure to support them. There is a great deal of uncertainty about how fast, or even if, all of these technologies will progress.

The U.S. must maintain a leadership role in developing and commercializing technologies, such as advanced nuclear, energy efficient systems and building materials, large-scale renewables, energy storage and batteries, high-efficiency low-emission power plants, and carbon capture and storage and utilization by supporting an aggressive, broad-based public- and private-sector technology portfolio. It is also important to support a vibrant scientific enterprise more broadly. Advances in fields as varied as materials research, nanotechnology, supercomputing, and biotechnology, to name a few, may hold the keys to breakthroughs in many emerging energy technologies.

Energy efficiency remains a crucial component of this approach to energy and climate change. Energy efficiency generally has been the fastest, least expensive way to improve the energy supply picture and reduce GHG emissions. It, too, must play a central role.

A technology-neutral solutions-focused climate change policy is best positioned to stand the test of time and deliver cost-effective, achievable, and meaningful greenhouse gas emissions reductions. When alternate technologies are able to compete on price, reliability, and scalability, the range of politically and economically acceptable policy options to address climate change will broaden accordingly.

## **Strong Public Support for Technology and Innovation & Infrastructure**

An energy policy that promotes continued economic growth and environmental progress through sustained focus on technology development—what we call the “cleaner, stronger” approach—is much more popular with the voting public compared to an approach centered on expanded government regulation.

GEI commissioned a telephone survey<sup>2</sup> of 1,000 likely 2020 voters across the United States conducted by FTI Consulting from March 7-12, 2019 found:

- 73% of voters support a “cleaner, stronger” energy agenda that uses more American energy and continues environmental progress;
- 89% of Americans support using American’s energy resources responsibly, including domestic natural gas, oil, nuclear, coal and renewable resources;
- 79% of voters agree that the best way to address climate change is through investments into innovation and technology;
- Utilizing innovation and technology has a 24-point advantage over increased government regulation as an approach to address climate change; and.
- 79% of voters support streamlining or expediting the permitting process to improve, modernize or construct critical energy infrastructure like renewables, pipelines, power plants, transmission lines and export facilities.

Our new survey demonstrates that voters are concerned about energy, the environment, and climate change, but they are also concerned about the costs and practicality of an approach to those issues driven primarily by government regulation. Given the current state of technology, a regulatory approach involves significant price increases.

These results underpin the Chamber’s efforts to promote federal policies and investments that spur research and development of energy technologies that can reduce environmental impacts and compete on price and reliability.

## **Business Building Clean Energy Infrastructure**

It will be largely up to the business community to develop, finance, build, and operate the solutions needed to power economic growth worldwide, mitigate greenhouse gas emissions, and build resilient, lower-carbon infrastructure. Thousands of businesses already have made emissions pledges and are taking action to reduce emissions in their own operations and along their value chains by investing in technology solutions and enhancing their efficiency. The

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<sup>2</sup> Poll results are available at: <https://www.globalenergyinstitute.org/american-energy-cleaner-stronger>.



Chamber is providing a platform for these companies to share their experiences and learn about technology developments, and operational innovations.

**Energy Innovates:** To draw attention to what the energy industry is doing, last year GEI launched a new initiative to highlight the technologies and people in the energy industry that are improving our modern way of life. “*EnergyInnovates*” is a multi-platform initiative that showcases innovators, projects, and technologies that have shaped and will shape America’s energy landscape. *EnergyInnovates* highlights specific innovative projects and technologies, as well as the forward thinkers, engineers, and manufacturers responsible for their development. Some of the initiatives we are featuring include:

- San Diego Gas & Electric Company (a Sempra Energy utility) has built a lithium ion battery storage facility in Escondido, California, the largest in North America and a key component of the smart grid technology that will maximize the potential and availability of intermittent renewable energy resources.
- NuScale’s small modular nuclear reactor with a simplified design, making it safe, scalable, cost efficient, and able to perform a wide range of applications, including desalinating, supporting renewables, and providing highly reliable power.
- NET Power’s innovative power plant leverages technology designed to capture carbon dioxide emissions at no extra cost, before compressing and recirculating the gas into the system. Called the Allam Cycle, the system will allow efficient, zero-emission energy production using fossil fuels.
- Alabama Power’s Smart Neighborhood™ features a collection of 62 homes that feature high-performance, efficient systems, cutting edge interconnectivity, and a dedicated micro-grid featuring solar, battery storage, and natural gas power supplies. The project is a public-private partnership between Southern Company, Signature Homes, the U.S. Department of Energy’s Oak Ridge National Laboratory, and others.

America’s companies and entrepreneurs will continue to lead by bringing innovation, technology, and ingenuity to this challenge, just as they have done with other environmental challenges.

### **Water Infrastructure**

Water is among our most precious resources, one that is essential to health and human life. Businesses and communities depend on it to drive the American economy, and significant investments in water infrastructure are needed in the U.S. and around the world. While many organizations have worked over the years to advance water infrastructure investments, an integrated coalition led by businesses and other key water and finance sector partners is required.

The U.S. Chamber of Commerce recently launched the Business Task Force on Water Policy to catalyze support for water infrastructure investments in the U.S. and elevate water in the national

policy discussion. Business as usual and relying on government funding alone will not solve this fundamental challenge.

## **Principles**

Below are policy principles that will meet American businesses water and wastewater infrastructure needs for generations to come and make the U.S. a leader in bringing clean water and sanitation to the world:

- ***Increased and sustained funding and expanded opportunities for financing***—promoting increased federal, state, and local investments in infrastructure modernization and mobilizing private capital.
- ***Regulatory flexibility and efficiency of service***—proposing commonsense, flexible policies to improve the enabling environment for businesses to continue creative and innovative approaches.
- ***Resilience***—facilitating resilient infrastructure, including water and watershed management and flood control, through funding and policies to support predisaster mitigation and engaging experts and stakeholders.
- ***Small communities and small business needs***—providing investments and policy solutions specifically focused on the needs of the agricultural sector, small communities, and small businesses, including improving access to water and sanitation in rural areas.
- ***Technology innovation***—increasing innovation and its adoption by reducing barriers to implementation, promoting effective utility management, and helping communities achieve the scale and expertise necessary to deploy technology through additional technical assistance and cooperative arrangements. This effort also supports funding the creation of a National Water Infrastructure Test Bed Network (TBN), establishing a national program for collaborating and sharing best practices, and promoting exports of water technologies, products, and services.

## **Conclusion**

The U.S. is in the midst of a historic energy shift. Both from scarcity to abundance, but also to lower-emitting and environmentally sustainable, and all made possible by innovation. The ability to build new systems and facilities harnessing this innovation is crucial to bring the economic and environmental benefits to American businesses and households, and in many case to the world.

America's business community is ready, willing, and able to provide the solutions to reduce emissions while growing the economy. Our companies and entrepreneurs will continue to lead by bringing innovation, technology, and ingenuity to this challenge, just as they have done with

other environmental challenges. With a sensible policy environment that plays to America's strengths and business leadership, we can continue to make our economy cleaner and stronger by leveraging America's edge in energy, technology, and innovation.

To bring these technologies and innovations to bear, Congress must make the federal permitting process more transparent and predictable. Only when that happens will the nation benefit from increased investment in traditional surface infrastructure, but also the energy infrastructure that will help facilitate continued economic growth and cleaner future.