

**TESTIMONY BY  
THE HONORABLE JOHN BEL EDWARDS  
GOVERNOR, STATE OF LOUISIANA  
TO THE  
U.S. SENATE ENERGY AND NATURAL RESOURCES COMMITTEE  
ON  
Offshore Energy Development in Federal Waters  
and Leasing Under the Outer Continental Shelf Lands Act  
MAY 13, 2021**

Mr. Chairman, Mr. Ranking Member and Members of the Committee, thank you for the opportunity to testify before you today on two of the largest challenges facing my state: taking responsible actions to address climate change while navigating successfully the transition in our energy industry – an industry that is so vital to our economy. Both the effects of climate change and the economic health of our state are affected directly by federal policy regarding the production of oil and gas resources on the Outer Continental Shelf in the Gulf of Mexico and the distribution of federal revenues derived therefrom.

I note that a number of states represented on this committee are affected directly by federal policy regarding oil and gas production on federal lands and waters: Alaska, Louisiana, Mississippi, New Mexico and Wyoming. Several other states represented on this committee are also confronted, like Louisiana, with major issues relating to the energy transition that is in its early stages in our nation: Colorado, Oklahoma and West Virginia. As leaders elected by all the people in these states, you know, as do I, how critical federal policy decisions are regarding both climate and energy policy.

Louisiana cannot afford to ignore climate changes that are attributable to the release of greenhouse gases nor can we afford blanket restrictions on oil and gas development in our nation.

I urge this Congress and the Biden Administration to pursue a responsible and balanced approach to adapting to the impacts of climate change while still pursuing safe and responsible oil and gas exploration in the Gulf of Mexico.

**THE LOUISIANA SITUATION AS I SEE IT**

Louisiana is a top ten oil producing state and a top five natural gas producing state, rankings that only rise when production in the Gulf of Mexico is also considered. Additionally, we host a large number of refineries and petrochemical facilities that convert oil and natural gas to a variety of critical products upon which people across our nation depend. Louisiana's 17 oil refineries account for nearly one-fifth of the nation's refining capacity, and in 2020, Louisiana's two liquefied natural gas export terminals shipped about 55% of U.S. total LNG exports. Louisiana takes pride in its long history of supporting energy production on behalf of this nation. It is essential

to understand that pride, and our interest in continuing to host these facilities and maintain these industries. Most of the support facilities for federal oil and gas production in the Gulf of Mexico are located in our state and most of the federal oil and gas produced offshore moves across our coastline in pipes, then through our state for distribution around the nation. All of these oil and gas activities, both federal and non-federal, employ about 250,000 Louisianans, and 26% of Louisiana's overall GDP is attributed oil and gas activities. In 2019, oil and gas activities accounted for nearly \$4.5 billion of state and local tax revenue. Obviously, an abrupt restriction of these activities, whether on state, private or federal lands, would be devastating to our state. At a minimum, we must have a responsible transition period for continued production and use of oil and gas resources that allows our state government, local governments, public institutions, businesses and people to reposition themselves for a future, sustaining economy. I have attached comments I submitted to the Department of Interior on this issue as part of their review of the federal oil and gas program.

At the same time, Louisiana is on the front line when it comes to experiencing the effects of climate change. Last summer and fall, Louisiana was hit by four hurricanes. Two of the hurricanes, including one of the most powerful in our recorded history, followed almost the same path into and across the southwestern part of our state. Many of our people are still not back in their homes, despite our committed efforts and those of the federal government. Sea level rise is affecting our state adversely and works against our efforts to save and restore our vanishing coastal wetlands. As many of you know, our state has lost approximately 2000 square miles of coastal wetlands since the 1930s. Our wetlands loss has several causes, but one aggravating cause is degradation from the multitude of pipelines that cross those wetlands carrying federal oil and gas onshore for distribution around the nation. I am attaching a map that shows the density of these pipelines. Pipelines are necessary and a superior means of moving oil and gas, but they impact our coastal wetlands. Of course, climate change also carries impacts for our state that reach beyond the coast, like an increase in severe rain events that cause flooding, impacts to human health and economic productivity from increased heat and humidity, and transformations to ecosystems statewide.

I am committed to putting in place policies and planning mechanisms that address greenhouse gas emissions in a major and sustaining way in our state. Last year, by executive order, I created the position of Chief Resilience Officer to coordinate responses to coastal change across every agency in government, and established a Climate Initiatives Task Force consisting of 23 leaders from across state government, academia, industry, and environmental and community groups. In that same executive order, I pledged our state to the goal of net zero carbon emissions by 2050. There is much work to be done, but energy transition in our nation away from fossil fuels is already underway in some sectors of the economy. The International Energy Agency, for instance, anticipates that solar, wind, and batteries are expected to make up over 80% of the nation's new electricity generation in 2021. Major car companies are heavily investing in electric vehicles. Those trends need to be supported and expedited to meet net zero by 2050. This is why I asked the Bureau of Ocean Energy Management to evaluate potential lease areas for wind energy in federal waters off Louisiana's coast, and why my administration is coordinating with BOEM as

we look to develop wind energy in state waters. But there are other sectors of the economy that may remain dependent upon fossil fuels for much longer. Heavy industry is one of the more difficult sectors to decarbonize, and it just so happens that Louisiana is the only state in the country where industrial emissions make up more than half of the state's total emissions. Louisiana therefore has the opportunity to become a leader in reducing industrial emissions, which is why we are working to develop additional approaches like Carbon Capture, Utilization and Storage (CCUS) and alternative fuels like hydrogen and biofuels. We must recognize that each state's approach will be different because we each have our own advantages and challenges. As we work through this energy transition, it is important to remain flexible and realistic.

As this committee examines the future of offshore energy development, I need to underscore the crucial role it plays in my state's coastal adaptation efforts. Beginning in the 1990's, our state, on a bipartisan basis, became focused on coastal protection and restoration. In 2006, by overwhelming vote of our people, our constitution was amended to commit every dollar we receive from the federal government from offshore oil and gas production to the protection and restoration of our coast. These impact assistance funds from GOMESA amount to the largest recurring federal climate adaptation and pre-disaster mitigation funding source our state has. We are also directing the funds we receive from the *Deepwater Horizon* settlement to compensate for our damages from the well blow-out to coastal protection and restoration. We are spending almost a billion dollars a year in coastal projects along our coast. In the coming state fiscal year, we expect 18 dredging projects benefitting 14,000 acres of wetlands and investments in improvements to 109 miles of hurricane protection levee. In all, 72 projects will advance to construction this year, improving 57,000 acres of coastal habitat and natural storm defenses. And in engineering and design another 136,000 acres of ecosystem restoration are planned. One of the largest of these future projects is the Mid-Barataria Sediment Diversion. We are in the draft EIS federal permitting stage for this \$2 billion project that will be the largest environmental restoration project in the nation – all funded by money available to the state from sources other than federal appropriations. These investments in the coast contribute to around 10,000 jobs every year with higher than average wages. Simply put, GOMESA impact assistance allows us to put more restoration and protection projects on the ground and helps expedite those projects because it's a dependable funding source.

Despite the obvious onshore impacts in our state from federal offshore oil and gas development, our state and other Gulf Coast States received no federal impact assistance from 1953, when federal offshore oil and gas development began, until 2017 when the impact assistance provisions of the Gulf of Mexico Energy Security Act (GOMESA) became effective. Unlike other federal impact assistance programs, the annual GOMESA impact assistance is capped and does not cover most of the federal oil and gas production in the Gulf. These funds are vital to our efforts to address the onshore impacts of offshore oil and gas development and are being used wisely by our state.

That is the state of our state, as I see it, so what federal policies regarding energy development in the Gulf of Mexico do I favor?

## **THE FEDERAL OFFSHORE ENERGY DEVELOPMENT POLICIES THAT WILL HELP LOUISIANA AND THE NATION THROUGH THE ENERGY TRANSITION AND WILL HELP LOUISIANA ADDRESS CLIMATE CHANGE**

Only four percent of the land in Louisiana is owned by the federal government. Energy production on federal land onshore is not our issue. However, as I have indicated, we are affected directly by federal offshore oil and gas production in the Gulf of Mexico and are affected directly by federal policies regarding that production.

### **OIL AND GAS PRODUCTION, INCLUDING LEASING, SHOULD CONTINUE IN THE GULF OF MEXICO**

The Gulf of Mexico is the most productive federal area of oil and gas production in the nation. I understand that approximately 15% of the nation's supply of oil and natural gas comes from the federal portion of the Gulf of Mexico. This production benefits the nation in a variety of ways. For example, most of the \$2.3 billion dollars distributed throughout the nation annually under the Great American Outdoors Act is federal oil and gas revenue generated in the Gulf of Mexico. This \$2.3 billion is funding parks in all of our states and territories and is funding deferred maintenance in the national parks. An abrupt end to production in the Gulf will dry up the funding for the Great American Outdoors Act. By the way, while I supported the Great American Outdoors Act and continue to support the Act, the four gulf coast states directly affected by this federal offshore activity cannot receive more than a total of \$375 million in impact assistance annually between them due to an arbitrary cap imposed by GOMESA, which I urge this Congress to change. On behalf of the State of Louisiana, I strongly support legislation being developed by Senator Cassidy and Senator Whitehouse to remedy the inequity in federal energy impact assistance. The gulf coast states, which are experiencing onshore impacts from federal oil and gas development in the Gulf of Mexico, should receive federal impact assistance on a basis that mirrors the impact assistance received by states when federal energy is produced in the states.

There is no doubting that, even in the midst of this energy transition, our nation and indeed the rest of the world will depend on fossil fuels in significant ways for the foreseeable future. Our fossil fuels must come from somewhere, and I think it is clear to everyone that producing our energy at home is overwhelmingly in the national interest. Our dollars spent on energy will produce jobs and pay taxes here at home; as a matter of national security, we can protect our supply of fossil fuel energy better if it is produced at home; our environmental standards for fossil fuel production are stronger in the United States and we know our environmental laws will be enforced; and we avoid the environmental risks and greenhouse gas emissions that accompany the movement of fossil fuels into our nation from overseas.

But there is another reason that we should continue Gulf of Mexico oil and gas production and this reason may not be widely known: Gulf of Mexico oil and gas production produces substantially fewer greenhouse gas emissions than oil and gas production in any other region of the world. The pipelines that are carrying federal oil and gas across our coast and throughout our

nation impact our coast and state, but they also reduce greenhouse gases that would be released through other modes of transportation. For an expanded explanation of the Gulf of Mexico's low carbon intensity, I direct you to a document appended to my testimony entitled "Louisiana: Our Coast, Climate and Future."

## **LOUISIANA ENCOURAGES WIND ENERGY PRODUCTION IN OUR OFFSHORE WATERS AND IN THE FEDERAL PORTION OF THE GULF OF MEXICO**

We are excited about the possibility of substantial wind energy being produced both in our coastal waters and in the federal portion of the Gulf of Mexico. We are developing policies to encourage wind production in our offshore waters and have and will continue to engage with BOEM and the Secretary of the Interior about this exciting new energy source. I am happy to report that the first Intergovernmental Task Force for Offshore Wind Development for the Gulf Coast will take place on June 15<sup>th</sup>, and my office will be hosting a series of virtual stakeholder engagement events the following week in what we are calling Louisiana Wind Week.

We are very pleased that the technology developed for offshore oil and gas production and the expertise developed by our Louisiana industries that support offshore oil and gas production is now benefitting wind energy developers in their first projects off the east coast. Our expertise in designing, fabricating, and installing the foundations for offshore platforms played a crucial role in creating the Block Island wind energy project, the nation's first commercial offshore wind farm. One of our leading boat builders who has grown with the offshore oil and gas industry is building and will operate the first Jones Act compliant service support vessel that will be deployed in several of the coming east coast offshore wind projects.

As oil and gas production declines in the Gulf of Mexico, there is great opportunity to put our existing offshore workforce, assets, infrastructure, and know-how to work ramping up offshore wind in the Gulf of Mexico and around the nation. Louisiana is all in on offshore wind.

## **LOUISIANA NEEDS A CONTINUED AND EXPANDED AMOUNT OF FEDERAL IMPACT ASSISTANCE FOR COASTAL RESTORATION AND CLIMATE ADAPTATION**

I have already addressed the onshore impact we have experienced and are experiencing in Louisiana from federal offshore oil and gas development. Unlike onshore federal energy development, for which Congress provided impact assistance to the states beginning in 1920, Louisiana did not receive any impact assistance from the beginning of federal offshore oil and gas development in 1953 until GOMESA, which was enacted in 2006, became effective in 2017. We are very grateful for that assistance, but it is limited in scope and amount. Unlike onshore impact assistance which is not capped and applies to all federal leases, GOMESA is capped at \$375 million total for the four gulf coast states and applies to only a limited number of the leases in the Gulf of Mexico. In fact, the gulf coast states receive in impact assistance only about 4% of the federal oil and gas revenue generated in the Gulf of Mexico.

I ask that oil and a gas production continue in the Gulf of Mexico throughout the energy transition and that the impact assistance in GOMESA not only continue but be increased by removing the cap and covering more of the oil and gas production in the Gulf. Restricting oil and gas production in the Gulf of Mexico will hamstring the ability of states like Louisiana to fund coastal adaptation measures that are currently supported by revenues from the Outer Continental Shelf. Louisiana uses these funds to make levee improvements that protect communities against the impacts of climate change that are being felt today and that will worsen in the future. We also use GOMESA to build ecosystem restoration projects that provide natural defenses for our coastal communities and contribute to the mitigation of greenhouse gases by supporting the natural absorption of carbon dioxide in new wetlands and preventing the release of greenhouse gases through the conversion of existing wetlands into open water. Indeed, coastal wetlands store 3-5 times more carbon per acre than tropical forests.

Failure to take these steps in federal policy will leave us with insufficient resources to address the onshore impacts of this federal oil and gas development activity.

While federal offshore wind energy production is projected to be most robust off the east coast of our nation, I want to encourage Congress to recognize that federal offshore wind energy will impact adjacent states and they should receive impact assistance from the federal government. I understand that Senator Sheldon Whitehouse (D-RI) is working with Senator Bill Cassidy (R-LA) of our state to develop legislation that will provide impact assistance for federal offshore wind energy development and will expand impact assistance under GOMESA in the ways I described. I encourage this committee to support the Whitehouse-Cassidy legislation and ensure its enactment into law. I believe every state affected by a federal energy development activity should receive appropriate and similar impact assistance.

## **CONCLUSION**

In conclusion, Mr. Chairman and Members of this Committee, I recognize that our nation is in the early stages of a profound transition in our energy mix. I also recognize that climate change is a real problem, greenhouse gases released by human activities are the main contributor, and it must not be ignored any longer. I am committed in my remaining three years in office to address these issues in my state in order that our governments, our businesses, our institutions and our people are positioned to thrive in the coming decades. The federal policies I have recommended today would assist our state to navigate successfully the important forthcoming changes in emissions and energy policy.

Thank you, Mr. Chairman and Members of the Committee.