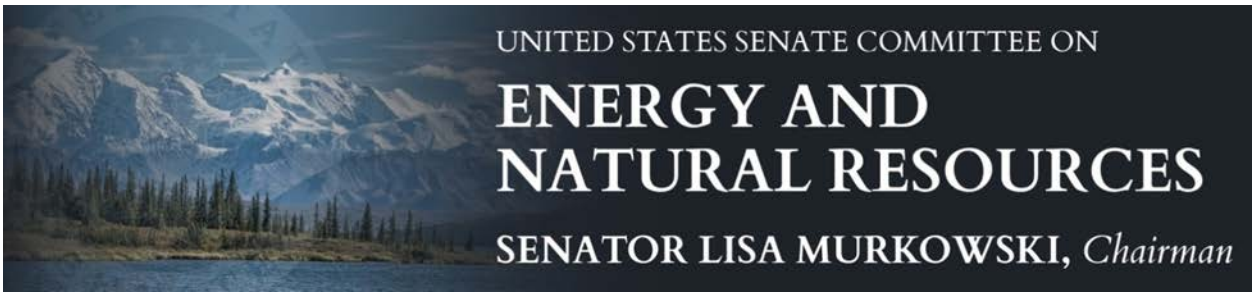

Senator Shelley Moore Capito

Opening Statement
West Virginia Energy Infrastructure Field Hearing
August 29, 2016
Morgantown, West Virginia

Good morning, everyone. This field hearing of the Senate Energy and Natural Resources Committee will come to order. I want to start by thanking the Monongalia County Justice Center for hosting us. And I want to welcome our witnesses and all who have joined us for this important discussion about the economic importance of energy infrastructure in West Virginia.

We are now at a point where the United States is becoming one of the dominant players in energy production in the world, which makes this hearing incredibly timely and important; and there is arguably no other state where the discussion on energy infrastructure is more critical than in West Virginia. In 2013, the United States surpassed Russia and Saudi Arabia as the leading oil and gas producer in the world, and yet we are still woefully ill-equipped to handle this boom in production. The good news however, is building modern infrastructure will do exponentially more than just deliver cheap, reliable energy. New infrastructure creates jobs, boosts communities, adds billions of dollars to the economy, improves safety of our grids and pipelines, and contributes to less emissions.

West Virginia has always been one of the blocks in the foundation of our country's energy production, but our economy and many of our communities have been devastated due to the downturn in the coal industry. But we still continue to rank tenth in production of natural gas and second in coal production for the year so far. West Virginia has proven time and again that we have the perfect storm of natural resources and the skilled workforce that make investment in energy infrastructure so valuable.

Advanced drilling techniques have made our natural gas wells some of the most productive in the country. The Marcellus and Utica Shales have accounted for 85% of the growth in the industry over the past 4 years alone. In 2014, one EQT well in Wetzel County alone provided enough gas to power over 77,000 homes for a year. This rate of production, coupled with the fact that gas demand for power generation alone in the lower 48 states is expected to increase by almost 75% between now and 2025, means that there is a crucial need for more transmission

infrastructure.

The shale gas revolution has also made it possible to produce enough gas to meet both domestic demand and increase the United States' footprint in the global oil and gas market. The ability to export liquefied natural gas means more job opportunities here at home as well. The export project at Cove Point in Lusby, Maryland is almost finished, and Dominion has 2,000 workers on site ready to begin operations. That is 2,000 good-paying jobs for Americans as a result of our ingenuity in shale play. Cove Point will export gas to companies in Japan and India, meaning countries that we consider our allies are trading with us, instead of being reliant on hostile countries that threaten global security for energy. The exponential increase of natural gas reserves over the past 10 years alone means that the conventional wisdom against exporting due to scarcity is based on an outdated premise of limited reserves.

Additionally, due to the exponential increase in natural gas reserves, we will see that exports do more than just provide trade revenue. The fractionation of wet gas for exporting methane, means that the an increase in domestic use for the remaining natural gas liquids, when they otherwise wouldn't be economically recoverable solely from gas produced for domestic use. This acts as yet another boost to other industries that rely on hydrocarbons, like the manufacturing and chemical industries.

The need for pipelines to transport our abundance of natural gas is crucial. That is why I included language in the Energy Policy Modernization Act 2016 – the most comprehensive energy legislation in nine years – that would streamline the permitting process for pipelines.

A more streamlined process means more certainty for construction timelines and avoiding cost overruns, which will encourage more companies to invest in pipeline infrastructure. This means cheap, reliable energy can reach a larger population of people.

Pipeline infrastructure is also crucial for job creation. It is estimated that for every mile of natural gas transmission line pipeline built, a total of 58 jobs would be created in the United States, 17% of which would be manufacturing.

Because of our upstream capacity, West Virginia also has a robust chemistry sector that accounts for nearly 40% of our state's manufacturing jobs, and is the second-largest exporting industry in the state. Using ethane from natural gas as a feedstock means that chemical companies choose to operate in West Virginia due to the enormous benefits of being right on top of the largest gas reserves in the country. As of April of this year, there have been over 250 new industry projects nationally because of the shale gas boom. This means hundreds of billions of dollars of investment and economic output.

That is why I also included language in the energy bill that would require the Departments of Energy and Commerce to conduct a study of the feasibility of establishing an ethane storage and distribution hub in the Utica-Marcellus-Rogersville Shale region. More mid- and downstream

energy infrastructure would boost investment and manufacturing in the region, as well as increasing our country's energy security.

But Congress' role in improving energy infrastructure is only a piece of what needs to be done. Innovation and private investment are key to building safe, efficient energy infrastructure. Innovation in particular has been a cornerstone of my energy policy in the Senate. Senator Heitkamp and I have started a bipartisan working group of senators that focuses on carbon capture technology, and developing innovative ways to encourage investment in new, efficient technology.

Nowhere is the impact of innovation and investment more evident that Longview Power in Maidsville, West Virginia. After filing for bankruptcy in 2013, private investment has turned Longview into the most efficient coal-fired power plant in the country, and employs over 600 people. Private investors saw the value of modern infrastructure, and have utilized its resources to not only generate power more cleanly and efficiently, but also to continue to support the local coal communities that supply its baseload power source.

We need to foster an environment where the risks associated with innovation in energy infrastructure are vastly outweighed by the incentives. This attitude toward infrastructure should apply to an all-of- the-above approach to energy.

One of the greatest contributions to our energy infrastructure is the diversity and ingenuity of our workforce, and West Virginia, as a net energy exporting state, is a prime example of this. We already know that coal and gas industries employ tens of thousands of people, but there are also 15 solar companies in West Virginia that employ over 350 people, and 5 wind projects that employ over 100 people as well. As we work to modernize our energy infrastructure through pipelines, power plants, storage facilities, and updates to our electric grid, our workforce will be our greatest asset.

What I hope we will accomplish in this hearing today is to create a dialogue about the need for modern energy infrastructure, highlight the projects already taking place in West Virginia, and identify the areas of opportunity for the future. Thank you to all of our witnesses today for your testimony, and for engaging us in this incredibly important topic. I look forward to hearing from you all, and discussing these issues more in-depth.

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