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U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

Opening Statement of
Chairman Tom McClintock
On Thursday, May 25, 2013
1324 Longworth House Office Building
Water and Power Subcommittee Hearing on
H.R. 255, H.R. 745, and H.R. 1963

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Today, the Subcommittee will consider two bills that get the federal government out of the way so that the productive sector of our economy can, in one case, own and operate its own water facility, and in the other, allow it to proceed with placing hydroelectric generators in existing federal canals and pipelines, advancing the work started by Mr. Tipton's legislation passed by the House earlier this year.

The third bill takes us in the opposite direction, insinuating the federal government deeper into desalination subsidies.

H.R. 255, sponsored by Congressman Chaffetz of Utah, allows the Provo River Water Users Association to own a facility that it has operated, maintained and repaid for decades. This title transfer was the original intent of public law enacted in 2004, and the passage of this bill would remove existing legal barriers in order to fulfill that intent.

H.R. 1963, sponsored by Congressman Daines of Montana, facilitates non-federal hydropower development on federal conduits through administrative and regulatory reforms. It also removes unique federal statutory barriers at certain projects that have been in place for almost 75 years to empower the productive sector to produce clean, renewable hydropower while generating federal revenues and helping to create jobs in rural America.

While these bills get the federal government out of the way of local water and energy development, H.R. 745 seeks to reauthorize federal subsidies for water desalination projects.

Desalination of seawater or brackish water dates back to the second century AD. It makes economic sense in extremely arid and remote regions where water cannot be imported. There's a market for it. Ships, remote resorts, and remote desert outposts have relied on it for centuries.

And because there's a niche market for this process, the productive sector invests between \$100 million and \$150 million a year of private capital for research and development

according to the National Academy of Sciences. This bill would add a drop to this bucket – no pun intended – of \$3 million of taxpayer funds, but with none of the accountability that the productive sector demands. And it would be used to relieve such struggling startups as General Electric from having to pay for their own research and development.

The big problem is this: after 1800 years of technological development, desalination remains the most expensive way we have yet invented to create fresh water. According to the New York Times, the cost of San Diego's new desalination facility is more than twice the price of water delivered to San Diego from hundreds of miles away. It should be of little surprise that despite government subsidies, desalination accounts for about ½ of one percent of U.S. water supplies.

The bill is improved from its last incarnation, in which it combined the world's most expensive water technology with the world's most expensive energy technology. By removing that half of the bill, I believe it has been improved by half.

As to the half that remains, the City of Long Beach admits in documents that (quote) "Currently seawater desalination is ***not*** a cost-effective option for water supply reliability in Long Beach, primarily due to the high cost of energy needed for operations and several abrasive environmental aspects." Yet, it seems the city is perfectly happy to have the taxpayers of every other community in the country that have paid for their own water systems to pay for Long Beach's as well.

Here's the fine point of it: desalination is a highly energy-dependent process with energy consumption currently accounting for between a third and a half of its cost. California electricity prices are already among the very highest in the nation because of choices made by California policy makers that are replacing the most economical forms of energy production – hydroelectric, coal and nuclear – with the most expensive – wind and solar. Long Beach is to be commended in attempting to make desalination more energy efficient, but given the policies in California, they are fighting against a very strong trend of skyrocketing energy prices – and the people of other states who are not responsible for this folly should not be asked to pay for it.

And we should also note, The Congressional Research Service has pointed out that – quote – "current desalination processes are already operating close to the theoretical minimum energy required."

I think the testimony from Mr. Wayne Crews of the Competitive Enterprise institute sums it up well: "a viable technology needs no subsidy and a non-viable technology probably can't be helped by one."