HOUSE COMMITTEE ON
NATURAL RESOURCES
RANKING MEMBER BRUCE WESTERMAN

To: House Committee on Natural Resources Republican Members
From: Republican Committee Staff, Ken Degenfelder - Ken.Degenfelder@mail.house.gov; Rob MacGregor - Robert.MacGregor@mail.house.gov
Date: Thursday, March 4, 2021 at 12:00pm
Subject: Legislative Hearing on Discussion Draft H.R.____, "*Insular Area Climate Change Act*"

The Committee on Natural Resources will hold a full committee hearing on Discussion Draft H.R.____, "*Insular Area Climate Change Act*" on Thursday, March 4th, 2021, at 12pm online via Cisco Webex.

Member offices are requested to notify Ken Degenfelder - Ken.Degenfelder@mail.house.gov by Tuesday, March 2nd at 4:30pm EDT, if their Member intends to participate. Submissions for the hearing record must be submitted through the Committee's electronic repository at HNRCDocs@mail.house.gov. Please contact David DeMarco (DavidDeMarco@mail.house.gov) or Everett Winnick (Everitt.Winnick@mail.house.gov) should any technical difficulties arise.

I. KEY MESSAGES

- The Majority's draft proposal would provide millions of dollars to establish several new grant programs focused on addressing climate change science and pick winners and losers by mandating a renewable energy transition in the U.S. Insular Areas and Freely Associated States.
- The proposal would increase the size of the federal government by creating new offices within the National Oceanic Atmospheric Administration (NOAA), Environmental Protection Agencey (EPA), and Deepartment of Energy (DOE) rather than using existing agencies and programs.
- The proposal would mandate the use of solar, wind, hydroelectric, geothermal, and ocean energy, ignoring the proven reliability of liquefied natural gas (LNG), nuclear, biomass, and other options.

II. INVITED WITNESSES

Honorable Rafael Machargo Maldonado, Secretary, Puerto Rico Department of Natural Resources, San Juan, PR [Republican Witness]

- **Ms. Zena Grecni**, Sustained Climate Assessment Specialist, East-West Center, Honolulu, HI

- **Dr. Austin Shelton**, Director, University of Guam Center for Island Sustainability, Mangilao, GU

- **Ms. Ada Monzon**, Member, Puerto Rico Climate Change Committee, Guaynabo, PR

- **Mr. Jean-Pierre Oriol**, Commissioner, USVI Department of Planning and Natural Resources, St. Thomas

- **His Excellency Gerald M. Zackios**, Ambassador to the United States, Republic of the Marshall Islands, Embassy of the Marshall Islands, Washington, D.C.

III. BACKGROUND

There are several federal grant and loan programs available to Insular Areas[1] to address issues such as climate research, improving energy security, coral reef mitigation efforts, energy efficiency, energy conservation and renewable energy resources, to name a few. The programs include: the DOE's Energy Efficient Appliance Rebate Program, Energy Efficiency and Conservation Block Grants Program, State Energy Program, Weatherization Assistance Program; the Department of Housing and Urban Development's (HUD) Community Development Block Grant Disaster Recovery program; the Department of the Interior (DOI) Technical Assistance Program, Energizing Insular Communities program, Coral Reef and Natural Resources Initiative and Maintenance Assistance Program. In September 2020, DOI announced $6.8 million in grant awards provided through the Energizing Insular Communities program to support energy initiatives in the U.S. territories.[2]

Currently, all of the U.S. Territories meet the majority of their energy needs through imported petroleum products.[3] About 97% of American Samoa's electric power generation comes from imported fossil fuels.[4] Guam meets nearly all of its energy needs with imported petroleum products. In 2019, about 31% of the petroleum consumed on Guam was motor gasoline, 28% was jet fuel, 24% was diesel fuel, 15% was residual fuel. The Commonwealth of Northern Mariana Islands (CNMI) electric utility generates electricity from five diesel-fueled power plants. Refined petroleum accounted for 21% of CNMI's import costs in 2018.[5] Nearly three-fourths of the energy used in Puerto Rico comes from petroleum products, which are all imported. For fiscal year 2020, petroleum-fired power plants generated almost half of the Puerto Rico's total electricity, while renewables accounted for 2.5% of electricity generation.[6] In the U.S. Virgin Islands (USVI), fuel oil generated about two-thirds of the territory's electricity, propane about one-third, and solar power slightly more than 1%.[7]

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[1] American Samoa, CNMI, Guam, Puerto Rico, and the USVI
[2] U.S. Department of the Interior, September 17, 2020, https://www.doi.gov/oia/press/trump-administration-awards-6800000-promote-lower-consumer-costs-and-greater-energy.
[3] Such as, motor gasoline, jet fuel, diesel fuel, residual fuel, and propane.
[4] U.S. Energy Information Administration, December 17, 2020, https://www.eia.gov/state/?sid=AQ.
[5] U.S. Energy Information Administration, December 17, 2020, https://www.eia.gov/state/?sid=CQ.
[6] U.S. Energy Information Administration, December 17, 2020, https://www.eia.gov/state/?sid=RQ.
[7] U.S. Energy Information Administration, December 17, 2020, https://www.eia.gov/state/?sid=VQ.

Despite a reliance on imported petroleum products, many of the territories have set new goals for renewable energy. American Samoa adopted a goal to obtain 50% of its energy from renewable energy resources by 2025 and 100% by 2040, primarily with solar energy.[8] Guam requires that 50% of electricity sales come from renewables by 2035 and 100% by 2045.[9] The CNMI has set several aggressive renewable energy targets, which have not been met.[10] Under the Puerto Rico Energy Public Policy Act, the island has to obtain 40% of its electricity from renewable resources by 2025, 60% by 2040, and 100% by 2050. The Puerto Rico Electric Power Authority (PREPA), the island's electric power company, is also mandated to phase out coal-fired generation by 2028.[11] The USVI has a goal for 25% of the islands' peak demand electricity generating capacity to be fueled by renewable energy sources by 2020 and 30% by 2025.[12]

Democrats in Congress continue to insist that legislatively mandating an "energy transition" is the only solution to combat climate change. Efforts to reduce carbon emissions are already well underway in the Insular Areas. Republicans support each U.S. territory exercising self-determination. New mandatory spending will not be the cure all for climate related challenges the Insular Areas face. Congress should instead work to improve existing programs and functions that support resiliency in Insular Areas to support the individual needs of each U.S. territory, promote innovation in their energy sectors and embrace an all of the above approach to meeting their energy needs.

IV. MAJOR PROVISIONS & ANALYSIS

The Discussion Draft H.R.____, "Insular Area Climate Change Act''(Grijalva-AZ) includes several provisions from Title VII of Chairman Grijalva's 116th Congress bill, H.R. 8632, the Ocean-Based Climate Solutions Act.

Title I of the bill would create an Insular Area Climate Change Interagency Task Force comprised of the Secretaries and Administrators of the DOI, DOE, the Department of State (DOS), HUD, the Department of Agriculture (USDA), the Department of Commerce (DOC), the Federal Emergency Management Agency (FEMA), and EPA. The task force would be chaired by FEMA and would be responsible for:

- evaluating ways to increase access to federal programs for climate change planning, mitigation, adaption, and resilience,
- identifying barriers that prevent the territories from accessing federal programs,
- providing recommendations to Congress related to climate change in Insular Areas, and
- creating a report with Insular Area governments to identify federal programs that involve climate change but exclude or do not provide equitable baseline funding for territories.

Title I amends the Omnibus Territories Act (48 U.S.C. 1469a) to require Puerto Rico to consolidate grants it receives with grants received by all other U.S. territories of American Samoa, Guam, CNMI, USVI, and the Freely Associated States. Given Puerto Rico is treated like

[8] U.S. Energy Information Administration, December 17, 2020, https://www.eia.gov/state/?sid=AQ.
[9] U.S. Energy Information Administration, December 17, 2020, https://www.eia.gov/state/?sid=GQ.
[10] CNMI, House of Representatives, H. B. No. 18-165, SD1 (July 22, 2014).
[11] U.S. Energy Information Administration, December 17, 2020, https://www.eia.gov/state/?sid=RQ.
[12] U.S. Energy Information Administration, December 17, 2020, https://www.eia.gov/state/?sid=VQ.

a state under several grant programs, this overhaul has the potential for unintended consequences.

Title I directs more money towards coral reef conservation and research by creating coral reef prize competitions and amends current law to provide waivers on all matching requirements for all grants for coral reef conservation cooperative agreements.

Title II requires DOI to provide technical assistance for climate change planning, mitigation, adaptation, and resilience to Insular Areas and indefinitely authorizes $5 million a year for DOI to carry out this activity.

Title III of the bill directs NOAA to create a Climate Change Insular Grant Program for climate data on ocean temperature, sea level rise, ocean acidification and ocean currents. It authorizes $5 million for the program for FY22 and FY23. The bill directs NOAA to provide technical assistance to Insular Areas to enhance climate change programs and permanently authorizes $5 million a year for this activity and requiring a yearly report on wetland, mangrove, estuary conditions and climate change impacts in Insular Areas.

Title III also requires NOAA's National Weather Service to improve weather data collection, and improve tropical weather forecasts. The bill permanently authorizes $5 million for technical assistance to achieve this goal in addition to $5 million in grants. The National Weather Service is not under the jurisdiction of the Natural Resources Committee.

Title IV amends the Department of Energy Organization Act (42 U.S.C. 7131 *et seq*.) to create a new Office of Insular Area Energy Policy and Programs and indefinitely authorizes $20 million per year to carry out the program. In addition, two programs are created. First, an Energy Efficient Product Rebate Program would be available to Insular Areas if they also establish an energy efficient rebate program to provide rebates to residential consumers to purchase Energy Star products, establish requirements to reduce illegal dumping, submit an application or allocation, and provide assurances that the allocation will supplement funds made available to carry out the rebate program. This program is authorized at $5 million a year from FY22 - FY26.

Second, the Renewable Energy Grant Program would award grants to non-profits to develop or construct renewable energy systems, carry out an activity to increase energy efficiency, construct energy storage for renewable systems, develop or construct a smart grid or a microgrid, or train residents to develop, construct or maintain a renewable energy system. The bill explicitly prohibits grant funds from being used to develop or construct fossil fuel or nuclear facilities.

Title IV would amend the Outer Continental Shelf Lands Act (43 U.S.C 1331 *et seq*, OCSLA) to allow wind lease sales in the Outer Continental Shelf (OCS) within Insular Areas. To accomplish this, first the Secretary of the Interior must conduct an environmental and feasibility study on conducting wind lease sales in the OCS in Insular Areas within a year and a half of the bill's enactment. The Secretary is then mandated to conduct not less than one wind lease sale on an area of the OCS within the jurisdiction of such territory found feasible by the study. If no area meets this stipulation, no lease sale is required to take place.

The last provision of Title IV would exempt Insular Areas from DOE's State Energy Program Federal cost share requirement.

Title V establishes and permanently authorizes for $20 million a year an Insular Area National Program Office at EPA to implement and coordinate programs to enhance infrastructure in Insular Areas, expand renewable energy and energy efficiency, provide technical assistance in Insular Areas, and centralize ongoing EPA efforts in the Insular Areas.

Three programs are created under this office. The first is the Insular Area Sustainable Infrastructure Grant Program which would provide grants to enhance and build drinking water systems, septic systems, stormwater systems, and solid waste systems. The bill indefinitely authorizes $50 million a year for the program and allows funds to be used for planning, construction, environmental mitigation, and land acquisition.

The second program, the Insular Area Renewable Energy Grant Program, provides grants to expand renewable energy and improve energy efficiency in Insular Areas. Projects eligible for funding would include construction of a renewable energy system, resilience projects for storm damage reduction, energy efficiency for infrastructure, repair of a renewable energy system, prevention or reduction of the effects of hurricanes on renewable energy systems, and acquisition of property integral to renewable energy and energy efficiency projects. The bill permanently authorizes $50 million a year for the program. Funds could be used for planning, feasibility, permitting and other preconstruction work, construction, or the acquisition of property.

The third program, the Insular Area Technical Assistance Program, would provide technical assistance to Insular Areas for climate change planning, mitigation, adaptation, and resilience. The bill permanently authorizes $5 million a year to carry out this program.

Title VI of the bill would cancel all Community Disaster Loans made to a local government in an Insular Area under section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5184) along with their interest and would waive the non-federal share funding requirements of Stafford Act loans for Insular Areas.

V. COST

Unknown.

VI. ADMINISTRATION POSITION

Unknown.

VII. CURRENT LAW AS AMENDED BY DRAFT BILL (RAMSEYER)

Link to Ramsayer.

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