

**TESTIMONY OF SEAN MCGARVEY
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BEFORE THE HOUSE OF REPRESENTATIVES
COMMITTEE ON NATURAL RESOURCES
SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES
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On behalf of the 3 million skilled craft professionals in the United States and Canada that comprise the 14 national and international unions of North America's Building Trades Unions, I thank you for conducting this hearing and I welcome the opportunity to testify today in support of the proposed *National Energy Security Corridors Act*.

Ensuring that our federal permitting system has integrity and certainty is critical to ensuring that the workers I represent are able to work. Further, good regulation protects our workers and communities while not placing unnecessary burdens on business and job creators. This legislation will provide the necessary framework needed to create energy corridors on federal lands to bring natural gas from the well to the consumer. It would also hold agencies accountable and makes sure they do not fall behind and create a bottleneck.

America is facing a number of infrastructure challenges, including the need to construct more natural gas pipelines. In order to meet increased demand as domestic natural gas production continues to increase and continues to gain a greater market share of the nation's electricity portfolio, greater capacity in our natural gas pipeline infrastructure is desperately needed.

Seemingly overnight, America is now the global leader in oil and natural gas production. But the infrastructure needed to transport those resources for domestic use by consumers and businesses, as well as for refinement into other manufactured products, is being severely hampered because of unnecessary regulatory hurdles.

To be sure, pipeline infrastructure has failed to keep pace with increased production, which has caused several regions of the country to experience shortages and severe price spikes.

New England is a perfect example to demonstrate how the lack of sufficient pipeline infrastructure can have adverse effects on both businesses and consumers.

In 2000, only 15 percent of New England's electric energy production was from power plants that were fueled by natural gas. By 2015, that number was fast approaching 50 percent.

Unfortunately, pipeline capacity for gas transmission into New England has not kept pace.

As a result, there is simply not enough gas coming into the region to reliably or affordably power businesses and manufacturing plants, as well as meeting the needs of millions of residential gas customers.

As the region's older, dirtier plants continue to retire and new, cleaner gas-fired plants replace them, the situation is primed to get worse. In fact, about 63 percent of the region's 11,000 megawatts of proposed new generation will be gas-fired.

Incredibly, I have read news accounts where some local gas companies already have been forced to turn away new customers because they won't have enough gas in a few years to serve them.

Driven by growth in U.S. natural gas, natural gas liquids, and crude oil, the American Petroleum Institute has estimated that capital spending in oil and gas midstream and downstream infrastructure has increased by roughly \$100 billion since 2010.

Investments in building, maintaining and updating the oil and natural gas industry's transportation and storage infrastructure could contribute up to \$120 billion to the economy per year.

And investment in the infrastructure that moves and transforms oil and gas into everyday products could support as many as 1.15 million jobs on an average annual basis, including and especially over 800,000 jobs in pipeline construction alone.

And like all manner of infrastructure investments, there is a significant economic multiplier associated with energy infrastructure investments.

Capital investments in energy infrastructure lead to more revenue and output among supplier industries, such as steel, machinery and engineering services. This capital investment triggers an estimated \$45 billion per year throughout the extended supply chain.

Investment in capital construction spending is not only an economic stimulus, but it provides insightful data on how shale driven gas production is reshaping major sectors of our economy - including the construction industry.

Last fall a study conducted by the University of Illinois concluded that natural gas development in the Marcellus Region was directly responsible for over 72 million man-hours of work in local construction markets during the years 2008 to 2014.

It is worth noting that this was a period when the U.S. construction industry was mired in a Depression where, unfortunately, unemployment rates in some markets of the nation reached 60%, and in some cases exceeded 70%.

Those 72 million man-hours of construction work translate into the creation of roughly 45,000 jobs. The production of natural gas spared small towns across the region from the economic downturn felt throughout much of the rest of the country. This would never have materialized if not for the production of natural gas in the Marcellus Region and the energy infrastructure that needed to be built to deliver that gas to market.

Today in just about every region of the nation, we are experiencing a shortage of pipeline capacity to support increased gas-electric generation.

Fortunately, we are not experiencing a shortage of companies willing to invest the necessary capital to construct those projects.

What we are experiencing, however, are significant regulatory delays that are preventing these investments from moving forward. Currently, the United States ranks 41st in the world in "Dealing with Construction Permits" a key World Bank metric measuring how easy it is to actually build something.

An industry or company which seeks to undertake capital projects often must run the gauntlet of a dozen separate agency reviews and approvals, sometimes resulting in years of delays. Excessive delay in permit processing often results from overlapping agency authority, where no single agency is in a position to guide a company through the permitting process and any one agency can act as a bottleneck. These issues directly impact the construction of pipelines on federal lands.

That is why North America's Building Trades Unions commends Congressman Tom McArthur for

his work to craft a legislative proposal that would designate "National Energy Security Corridors" for the construction of natural gas pipelines on Federal land.

Through the regulatory processes that these projects must undergo, as well as the enhancement of efficiencies made possible through this effort, we can remove obstacles that lead to the creation of tens of thousands of good, solid, Middle Class American jobs; not to mention tens of thousands of career training opportunities in the skilled trades.

When it comes to the construction of our nation's energy infrastructure, North America's Building Trades Unions are at the center of this work.

The success of our unions is predicated on the recruitment, development, and training of the safest, most highly trained and productive skilled craft workforce found anywhere in the world.

It may surprise many members on this panel to learn that our rank and file members, in conjunction with our signatory contractors, collectively and jointly fund, to the tune of roughly \$1 billion dollars every year, a nationwide network of 1,600 local joint labor-management apprenticeship training programs, or JATCs as we call them.

All of these investments are private investments from our rank and file members and our contractors.

There is no taxpayer money involved in this system!

Further our "earn while you learn" training model - where apprentices are paid wages and benefits as they proceed through a four or five year apprenticeship - is also unique in that in many instances our craft training programs are also accredited to a community college.

So, upon graduation to journeyman status, many of our apprentices also graduate with a two-year Associates Degree.

But in order for this training infrastructure to prosper and succeed, we need both public and private investments in capital construction projects in order to create these structured career-training opportunities.

With the passage of this and other permitting reform efforts we can allow the billions of dollars in projected pipeline investments to move forward in an expedited fashion, and our unions and

contractors can utilize our market-driven, world-class, training infrastructure to provide structured career training pathways.

North America's Building Trades Unions believe that government must assume the role of an advocate for economic development, and an advocate for American workers and American jobs.

My members want to get to work on these critical projects.

And our unions and our contractor partners want to provide job training opportunities for your constituents.

And that means getting tough on the federal permitting process charged with approving projects that put Americans to work and, in the case of the pipeline trades, beginning to move dirt and construct the pipelines needed to bring our domestic energy resources to market.

North America's Building Trades Unions stand ready to work with this subcommittee, as well as the full Natural Resources Committee and the entire US Congress to pass the *National Energy Corridors Act*, as well as additional and innovative laws, regulations and mechanisms that will expedite the approval of critical energy infrastructure projects.

Our training facilities are built, our workers are standing by, and our unions are ready to assist in an American energy infrastructure revolution.

Thank you for providing me the opportunity to express these views here today. I look forward to any questions you may have.