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TESTIMONY BEFORE THE SENATE ENERGY AND
NATURAL RESOURCES COMMITTEE
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MADAM CHAIRMAN MURKOWSKI, RANKING MEMBER MANCHIN, MEMBERS OF THE COMMITTEE, I'M RANDALL LUTHI, CHIEF ENERGY ADVISOR FOR GOVERNOR MARK GORDON. ON BEHALF OF THE GOVERNOR, THANK YOU FOR THE OPPORTUNITY TO MEET WITH YOU AND DISCUSS A FEW OF MY FAVORITE THINGS: WYOMING, ENERGY AND REVENUE SHARING. MY COMMENTS WILL FOCUS ON THE WIND AND SOLAR PORTIONS OF THE PROPOSED BILL S. 2666.

GOVERNOR GORDON SENDS HIS BEST REGARDS AND IS MOST APPRECIATIVE OF THE COMMITTEE'S EFFORTS TO WORK WITH THE STATES ON THIS AND A VARIETY OF OTHER ISSUES.

WYOMING IS AN ENERGY PRODUCING STATE. OF THE STATES, WYOMING IS THIRD IN TOTAL ENERGY PRODUCTION. IT RANKS 8TH IN BOTH OIL AND NATURAL GAS PRODUCTION. IN 2017, WYOMING PRODUCED 88 MILLION BARRELS OF CRUDE OIL, THE HIGHEST PRODUCTION IN 25 YEARS. MUCH OF THAT NEW PRODUCTION IS DUE TO FRACKING. IN 2018, 78 PERCENT OF THE OIL AND GAS PERMITS APPROVED WERE FOR HORIZONTAL WELLS.

THE OIL AND GAS INDUSTRY IS THE SINGLE LARGEST ECONOMIC DRIVER IN THE STATE, WITH A CONTRIBUTION OF OVER \$5 BILLION TO THE ANNUAL GDP. OIL AND GAS PROVIDES OVER 46,000 WYOMING JOBS.

WYOMING IS THE NUMBER ONE PRODUCER OF COAL, SUPPLYING APPROXIMATELY 40% OF THE NATION'S COAL, SHIPPING TO 26 OTHER STATES. WYOMING COAL EMPLOYS OVER 5000 PEOPLE AND PROVIDES 11% OF THE NATION'S ELECTRICITY.

ON THE NON-TRADITIONAL SIDE, WYOMING IS HOME TO SEVERAL WIND FARMS, AND AT LEAST ONE COMMERCIAL SCALE SOLAR INSTALLATION. PLANS ARE UNDERWAY TO BUILD ONE OF THE LARGEST WIND FARMS IN THE WORLD IN SOUTHERN WYOMING.

WYOMING EXPORTS 300 TRILLION BTUS OF ENERGY EVERY YEAR.

NO SURPRISE TO ANY OF YOU HERE, THE PREFERRED ENERGY FUEL SOURCE FOR ELECTRICITY IS CHANGING. WHILE I AM CONCERNED THAT THE "BLACK FRIDAY" LIKE STAMPEDE TOWARDS ONLY NON-TRADITIONAL FUELS WILL LIKELY RESULT IN ACTUAL BLACK-OUT FRIDAYS, THE TREND IS MORE SOLAR AND WIND GENERATED POWER SOURCES. JUST A FEW WEEKS AGO, A LARGE UTILITY COMPANY REVEALED ITS RESOURCE PLAN, WHICH INCLUDED EARLY AND UNTIMELY CLOSURE OF WYOMING COAL FIRED PLANTS. THE REPLACEMENT POWER WILL BE 1800 MEGAWATTS OF SOLAR AND ABOUT 2000 MEGAWATTS OF WIND - MOST OF WHICH TO BE BUILT IN WYOMING.

GOVERNOR GORDON BELIEVES A BROAD ARRAY OF ENERGY SOURCES IS THE BEST GUARANTEE OF A CONSISTENT, RELIABLE AND AFFORDABLE ELECTRICITY DELIVERY SYSTEM. WHILE NOT A TOPIC OF TODAY'S HEARING, COAL SHOULD REMAIN AN IMPORTANT PART OF THAT MIX. THAT IS POSSIBLE THROUGH CO2 REDUCING TECHNOLOGIES SUCH AS CARBON CAPTURE.

WYOMING IS ABOUT 48% FEDERALLY OWNED. DUE TO THE AMOUNT OF OPEN LAND AVAILABLE, WIND AND SOLAR DEVELOPERS WILL LOOK TO FEDERAL LANDS UPON WHICH TO PLACE NEW PROJECTS. GOVERNOR GORDON RECOGNIZES THAT

ROUGHNECKS, WIND ENGINEERS, HUNTERS, 4-WHEEL ENTHUSIASTS AND TRUE ENVIRONMENTALISTS ARE OFTEN THE SAME PERSON. MULTIPLE USES OF PUBLIC LAND HAS GREAT SUPPORT IN WYOMING.

WE PLAN TO CONTINUE OUR LEGACY AS AN ENERGY LEADER AND LOOK FORWARD TO A COOPERATIVE, GOOD NEIGHBOR RELATIONSHIP WITH THE FEDERAL GOVERNMENT AND THE WISE, EFFICIENT DEVELOPMENT OF ENERGY SOURCES.

THE PUBLIC LANDS RENEWABLE ENERGY DEVELOPMENT ACT IS A GOOD BASE UPON WHICH TO MAINTAIN AND ENHANCE THAT GOOD NEIGHBOR RELATIONSHIP. THANK YOU, SENATORS MCSALLEY AND HEINRICH FOR DRAFTING THE BILL.

WE HAVE A FEW MINOR SUGGESTIONS. I SUGGEST THE LANGUAGE BE MODIFIED SO THAT THE SECRETARY DETERMINES THE MOST APPROPRIATE AREAS FOR DEVELOPMENT ONLY AFTER GOOD FAITH CONSULTATION AND COOPERATION WITH THE STATES. SAID CONSULTATION SHOULD BE MEANINGFUL, NOT JUST A CHECK THE BOX FUNCTION, PREFERABLY THROUGH THE OFFICE OF THE GOVERNOR. SUCH COOPERATION WILL REDUCE CONFLICTS WITH CURRENT USES OF PUBLIC LANDS, WHETHER THAT BE RECREATIONAL, WILDLIFE HABITAT, GRAZING, SCENIC OR OTHER ENERGY AND MINERAL DEVELOPMENT.

GRANDFATHERING PROJECTS THAT ARE NOT COMPLETED, BUT HAVE BASED THEIR BUSINESS MODEL ON CURRENT FEES AND TAXES IS ALSO VERY IMPORTANT. WE APPRECIATE THE BILL'S EFFORTS TO DO SO.

WHILE SOLAR AND WIND PROJECTS ARE CONSIDERED RENEWABLE AND LESS COSTLY TO THE UTILITY COMPANY, THE HABITAT IMPACTS ARE NOT RENEWABLE. THERE ARE REAL COSTS TO STATE AND LOCAL GOVERNMENTS. PER MEGAWATT, THEIR

FOOTPRINT IS FAR LARGER THAN COAL, GAS OR NUCLEAR POWER PLANTS. THAT LARGER FOOTPRINT HAS THE POTENTIAL TO IMPACT EXISTING MULTIPLE-USES, INCLUDING, BUT NOT LIMITED TO, VITAL SAGE GROUSE HABITAT, BIG GAME MIGRATION CORRIDORS, BAT POPULATIONS, EAGLES, OTHER RAPTORS AND RECREATION.

FOR EXAMPLE, SOLAR INSTALLATIONS RESULT IN SINGLE USE OF LARGE SWATHS OF LAND.

AT THE END OF THEIR LIFE, DECOMMISSIONING OF RENEWABLE ENERGY PROJECTS OFTEN RESULT IN NON-REUSABLE BLADES BEING TAKEN TO LANDFILLS AND LONG PERIODS OF ATTEMPTED REGROWTH AND DISPOSAL ISSUES OF BATTERIES.

ON THE ECONOMIC SIDE, ONCE THE CONSTRUCTION IS COMPLETE, THE JOBS AND TAX REVENUE CONNECTED WITH THESE PROJECTS DO NOT COMPARE WITH THE NUMBER OF JOBS AND THE AMOUNT OF TAX REVENUE FROM MOST TRADITIONAL SOURCES OF ENERGY.

THUS, THE REVENUE SHARING PORTION OF THE BILL IS KEY TO ITS SUCCESS.

WYOMING IS NOT NEW TO REVENUE SHARING. THE CURRENT REVENUE SHARING OF 49% (WHICH I SUBTELEY POINT OUT SHOULD BE 50%) WAS ESTABLISHED BY FORMER WYOMING SENATOR CLIFF HANSEN. NEW MEXICO AND WYOMING ARE USUALLY THE LARGEST RECIPIENTS OF THE SHARED ONSHORE BIDS, RENTS AND ROYALTIES. JUST LAST WEEK, NEW MEXICO RECEIVED OVER \$1 BILLION AND WYOMING OVER \$640 MILLION.

THE COMMITTEE COULD CONSIDER A REVENUE SHARING FORMULA IDENTICAL TO THE CURRENT OIL AND GAS FORMULA.

THE EARMARKING OF 35% TO FUND THE CONSERVATION OF HABITAT AND PROMOTION OF RECREATION SUCH AS HUNTING AND FISHING IS VERY COMMENDABLE. WE SUGGEST THAT THE BEST DISTRIBUTION MECHANISM BE DIRECTLY TO LOCAL AND STATE ORGANIZATIONS. IF A NEW FEDERAL PROGRAM IS ESTABLISHED, THOSE FUNDS WILL LIKELY NOT ONLY MISS THE BULLS-EYE, BUT THE ENTIRE TARGET OF WHAT WORKS. LOCAL AND STATE ORGANIZATIONS KNOW WHAT IS NEEDED AND WHAT IS IMPORTANT TO THEM.

FOR EXAMPLE, THE WYOMING WILDLIFE TRUST FUND HAS BEEN IN EXISTENCE FOR ALMOST 15 YEARS. IT HAS A PROVEN TRACK RECORD OF PROJECTS THAT MAKE A DIFFERENCE. FOR EXAMPLE, THIS FUND HAS BEEN USED TO CONSTRUCT HIGHWAY UNDER AND OVER PASSES, WHICH ALLOW WILDLIFE TO COMPLETELY AVOID TRAFFIC, AND HABITAT PROGRAMS THAT LEVERAGE OTHER FUNDS RESULTING IN MAXIMUM BENEFIT AND PROMOTE COOPERATION WITH PRIVATE LANDOWNERS.

EXISTING PROGRAMS SUCH AS PARTNERS FOR FISH AND WILDLIFE HAVE A GOOD RECORD OF WORKING WITH THE STATES AND ARE USUALLY UNDER-FUNDED. THAT EXISTING PROGRAM SHOULD BE CONSIDERED IN THE DISTRIBUTION PLAN.

IN ADDITION, ANY DEVELOPMENT AND LAND DISTURBANCE HAS UNINTENDED CONSEQUENCES, INCLUDING, BUT NOT LIMITED TO INTRODUCTION OF INVASIVE SPECIES. IT IS IMPORTANT TO ALLOW MAXIMUM FLEXIBILITY, WHATEVER THE DISTRIBUTION PLAN, TO ALLOW FUNDS FOR LOCAL SOLUTIONS SUCH AS CONTROL OF INVASIVE SPECIES.

IN SUMMARY, GOVERNOR GORDON IS GENERALLY SUPPORTIVE OF THE PROPOSED LEGISLATION AND LOOKS FORWARD TO WORKING WITH YOU TO ASSURE MEANINGFUL COORDINATION AND A FAIR REVENUE DISTRIBUTION.

I AM HAPPY TO ATTEMPT TO ANSWER ANY QUESTIONS.