

**Testimony of Michael Hecht, President & CEO of Greater New Orleans, Inc.**  
**Before**  
**The House Committee on Natural Resources**  
**“Rigs to Restoration: Examining Gulf Coast Restoration through Energy Production and Permitting”**  
**August 2, 2024**

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Good afternoon, Chairman Westerman, Congressman Graves, and Members of the Committee. I am honored to speak to you today about our State’s coastal program and our region’s global energy leadership. In short, ensuring a resilient coast for Louisiana is not just a regional priority but a national imperative – properly prioritizing coastal restoration in Louisiana is essential for energy security and prosperity of the American economy. As a leading hub for the nation's energy production, Louisiana's working coast supports a vast network of refineries, pipelines, and offshore platforms that contribute significantly to the country's energy independence and economic stability. Symbiotically, energy production provides a critical funding stream for coastal restoration and, with help from Congress, could be a fix to a forthcoming fiscal cliff for Coastal Master Plan implementation.

My name is Michael Hecht, and I am the President and CEO of Greater New Orleans, Inc. (GNO, Inc.), the regional economic development organization for ten parishes of Southeast Louisiana. GNO, Inc.’s mission is to create a region with a thriving economy and an excellent quality of life, for everyone. GNO, Inc. recognizes that proper investment in coastal protection is essential to this mission, not only for everyone in our region, but for all of your constituents as well.

Most immediately, our coast serves as the first line of defense for our regional residents and assets. Our people power our regional economy, which largely grew along the Mississippi River’s connection to the Gulf of Mexico and drew from our natural resources. In 1803, to control the river and New Orleans, the Louisiana Purchase was executed, and our nation doubled in size overnight. Still today, many New Orleanians work at major facilities that *fuel and feed the world*. Thus, our coast – alongside our flood protection systems and internal stormwater management capacity – has direct and indirect implications on the national supply chain and the global economy across industries. Disrupting traffic on the Mississippi River for one day results in an economic impact of about \$300M.

For illustration, according to the U.S. Army Corps of Engineers, there are 589 million tons of annual cargo movement along the Mississippi River. About 92% of U.S. agriculture exports originate in the river basin, and the Port of South Louisiana alone exports over 50% of all grain exports in the country. When conglomerating all five ports on the Lower Mississippi River, based on tonnage, Louisiana is home to the largest port complex in the Western Hemisphere. If Louisiana’s coast is left vulnerable and underfunded, this cargo flow will remain at risk, as will livelihoods of farmers across the basin and the stomachs of those far and wide, dependent on U.S.-produced produce.

Louisiana’s crude oil refineries, natural gas processing plants, and petrochemical production facilities are the most concentrated in the Western Hemisphere. This concentration should command special attention and maximal protection, rather than continued coastal indifference. Moreover, according to the U.S. Energy Information Administration, Louisiana's 15 oil refineries account for nearly one-sixth of the nation's refining. Port Fourchon alone services 90% of the Gulf of Mexico's deepwater oil and gas activities. In 2022, Louisiana shipped 63% of the nation's total liquefied natural gas (LNG) exports. Now,

the largest final investment decision in human history – Venture Global’s \$21B LNG export facility – is under construction within our region. This facility will stifle Russia’s energy influence, reclaim American energy dominance, and establish stability for markets in Europe and Asia. Louisiana’s geopolitical importance and project pipeline are growing – in all, there are over \$40B in capital investments now underway across 49 energy projects, from clean hydrogen to carbon capture utilization and storage. Many of these projects are predicated on permitting by federal agencies, and all are affected by the wellbeing of Louisiana’s wetlands.

Investing in coastal projects protects these facilities and their workforces. Unfortunately, we’ve experienced that neglecting our coast has grave consequences. Louisiana has the largest land loss crisis in the Western Hemisphere, accounting for 80% of our nation’s wetland loss. Since the federal leveeing of the Mississippi River in 1930’s, more than 2,000 square miles of Louisiana’s coast has eroded. An area larger than the State of Delaware is gone. In total, the Mississippi River and Tributaries (MR&T) Project has delivered an exceptional return on investment of \$109 to \$1, preventing flooding of communities in states across the basin and allowing their regional economies to flourish. This tradeoff was foreseen – a 1897 edition of National Geographic claimed that the benefit “outweighs the disadvantages to future generations from the subsidence of the Gulf delta lands below the level of the sea and their gradual abandonment due to this cause.” Thus, Louisiana’s land loss has come at incredible gain to the nation, without proper compensation or mitigation for our uniquely deleterious impact. With no action, and no intervention in funding, we’ll lose another 1,100 square miles of wetlands over 50 years. With proper investment in energy, and investment in coastal restoration from energy revenues through creative policymaking, this fate is very avoidable.

Louisiana’s offshore oil and gas legacy – reflective of our longstanding leadership in energy leadership – started in 1934, soon after the leveeing of the Mississippi River, with a well drilled by Texaco a mile from Louisiana’s coast. By 1947, commercial drilling had advanced 12 miles offshore of Louisiana’s coastline, well beyond state waters and into federal waters. However, until 2006, Louisiana did not receive reliable revenue from federal oil and gas activity in the Outer Continental Shelf (OCS). Finally, with Katrina’s devastating imagery in mind, Gulf of Mexico Energy Security Act (GOMESA) of 2006 was passed, sending 37.5% of revenues to Gulf producing states of Louisiana, Texas, Mississippi, and Alabama. Louisiana has committed to coastal stewardship with all relevant revenues received by dedicating sums to the constitutionally-protected Coastal Protection and Restoration Fund, “only for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly impacted by coastal wetland losses.” However, in compromise, GOMESA did not give Louisiana the same 50% share most states receive from onshore federal leases under the Mineral Leasing Act. Furthermore, in GOMESA, there is a revenue-sharing cap of \$375M between all states, which has now been reached. Not only have we not been made right from decades of missed revenue, but we are losing out on needed revenue now. Preventing access to this capital compounds unrectified risk, and our economies remain exposed, as do federal post-disaster assistance liabilities.

As the global all-of-the-above energy demand continues to expand, so does our opportunity. The first federal offshore wind energy auction for the Gulf of Mexico was held in August 2023. A high bid of \$5.6M was placed for a Lake Charles-adjacent wind energy area, which could generate 1.24 gigawatts of energy capacity and power nearly 435,400 homes. However, because revenue sharing for alternative energy has not yet been enacted, Louisiana has received \$0 from this sale. Beyond offshore wind, the OCS of the Gulf of Mexico has tremendous potential to permanently store large amounts of carbon

dioxide that would otherwise be emitted into the atmosphere. Through the Bipartisan Infrastructure Law, the Secretary of the Interior has been authorized to grant a lease, easement, or right-of-way on OCS for long-term sequestration. BOEM is currently assessing this potential and has already identified 9 candidate fields and 21 depleted reservoirs in the Gulf of Mexico for possible sequestration. Congress could proactively establish a revenue-sharing model for OCS CCS, so that impacted states' benefits are assured. Our foresight in future energy activities – and any revenue-generating uses of the OCS – can assist in undoing past damage. Alternatively, we can repeat past mistakes and perpetuate expensive economic reverberations.

On most days, our crisis in Louisiana is quiet. Sediment slowly sinks, and saltwater slowly eats away at vegetation sticking soil together. However, coastal erosion also promotes high-profile, costly tragedies like Hurricane Katrina. With less wetlands to diminish their energy, hurricanes and tropical storms feed off of more open waters. Hurricane Katrina, in 2005, caused \$161B in total damage across the Gulf Coast. Nationwide, Katrina caused gas prices to jump roughly 45 cents in six days, according to the AAA. Then in 2021, Hurricane Ida took out around 13% of all U.S. refining capacity, and four of the nine oil refineries in Ida's path were shut down. A healthy coast mitigates hurricanes' damage to these facilities and to the homes of their employees, accelerating return to work and normalcy, and allowing energy operations to return to maximum capacity more quickly.

Investments in protection may have immediate returns on investment. For example, the \$14.5B Hurricane & Storm Damage Risk Reduction System (HSDRRS), protecting our region from a 100-year surge event, has proven to be a wise investment. Even before final completion in 2022, HSDRSS passed Hurricane Ida's Category 4 test and prevented widespread flooding (and wider FEMA disaster relief payments) for approximately one million people and \$170B in assets behind it. Our coastal wetlands protect HSDRSS itself, preventing damage from storms and saltwater intrusion and preserving its useful life. In the future, this system will need to be lifted in order to sustain protection, given the threat of sea level rise. In the Water Resources Development Act (WRDA) of 2022, Congress authorized these levee lifts, which would maintain 100-year level of risk reduction until 2078. Energy revenues could be used to cover the State's future cost-share commitment. Complementary flood protection projects like West Shore Lake Pontchartrain is now underway, and the St. Tammany Parish Coastal Storm and Flood Risk Management project should be authorized by Congress in WRDA 2024. Beyond these federal investments and Corps partnerships, the State of Louisiana and our local governments are prioritizing resilience internally. For example, we have adopted stronger building codes, approved \$1.9B in grid hardening projects, and built living shoreline protections for HSDRSS. The latter was completed by a Jefferson Parish, made possible, in part, with energy revenues from their GOMESA distribution as a coastal political subdivision.

Despite being safer on paper, Louisianians are struggling with cost burdens – inflation and all types of insurance. Within Congress's control is the National Flood Insurance Program (NFIP). NFIP was created by Congress in 1968 as "reasonable method of sharing the risk of flood losses is through a program of flood insurance which can complement and encourage preventive and protective measures." NFIP was also intended to make "flood insurance coverage available on reasonable terms and conditions to persons who have need for such protection." However, in October 2021, FEMA used their administrative authority to implement Risk Rating 2.0, the largest change in premium calculations in the program's history. Risk Rating 2.0 contains dozens of rating factors, including "distance to coast" and

“coastal erosion.” Thus, communities of economic necessity due to their location, like Coastal Louisiana, are being unduly punished for their role in the American economy.

GNO, Inc., since 2013, has organized the national Coalition for Sustainable Flood Insurance (CSFI), a national alliance of approximately 800 contacts across 35 states. CSFI sees NFIP as an essential federal program that allows critical communities across our country to keep working. CSFI advocates for a reauthorized NFIP that is affordable, transparent, and accurate, and ultimately incentivizes mitigation to lessen communal risk exposure. However, the NFIP of today is largely unaffordable, inaccurate, and contradictory to the environmental and economic wellbeing of our country.

Under Risk Rating 2.0, an NFIP policy will be \$1,808, which represents a 103.6% increase over legacy rates. In Lafourche Parish, where we stand today, the average premium will rise by 320.6%, from \$929 to \$3,909. In 41 states, rates have risen by over 50%. Since Risk Rating 2.0’s implementation, NFIP participation has predictably plummeted nationwide by nearly 5%, from 4.9M to 4.66M now. Texas has lost over 130,000 policyholders, and Louisiana has lost over 60,000 policyholders. Clearly, Risk Rating 2.0 is driving out the workforce from working coasts. This means that costs will be passed on to all Americans.

CSFI believes that property-level mitigation measures, like elevating a home, or community-wide measures like building wetlands, should predictably, reliably, and immediately influence flood insurance premiums. Currently, Louisiana’s coastal investments are not clearly benefitting our policyholders. According to the Office of the Flood Insurance Advocate (OFIA), “Certain mitigation actions do not result in the same level of decreased premium rates as they did in the past because flood insurance premiums now consider more sources of flood risk.” OFIA elaborates: “Policyholders, insurance agents and community officials expressed to OFIA that premiums rates do not seem to adequately reflect mitigation activities. For instance, they have indicated that they believe insufficient credit is given for certain mitigation techniques, such as elevation and adding openings to equalize the pressure of floodwater on the wall of an unfinished enclosure below an elevated building. This makes it harder for homeowners to take action to reduce their flood premiums, and harder for OFIA to advise customers of their mitigation options; a duty assigned to OFIA in its legislation. This also makes it challenging for local officials to determine the cost-benefit of mitigation funding opportunities FEMA makes available to the States and participating NFIP communities.”

Regardless, Louisiana is learning to protect ourselves from storms, and our organizational focus on future energy shares this intention. Already, Louisiana produces some of the lowest carbon intensity barrels in the world. Reducing carbon intensity simultaneously mitigates the risk of intensifying hurricanes. For example, H<sub>2</sub>theFuture is establishing a world-leading clean hydrogen cluster in South Louisiana, addressing emissions from our highest per-capital use of industrial hydrogen. The H<sub>2</sub>theFuture Coalition includes 25 partners from across South Louisiana, led by GNO, Inc., driving linked project components, from an inclusive entrepreneurship program to carbon capture testbeds. With support of a \$50M Economic Development Administration Build Back Better Regional Challenge award, and a \$24.5M match from the State, H<sub>2</sub>theFuture will create jobs and economic growth, drive inclusive opportunity, and protect the environment. South Louisiana will retain its position as a global energy and industrial hub, but with up to 68% less carbon emissions (McKinsey).

Louisiana can also lead the nation in environmental management, if funded fairly. This emerging environmental expertise will only serve to advance overall energy interests. For example, the Mid-Barataria Sediment Diversion will be the largest ecosystem restoration in the nation’s history. Early works construction activities are ongoing now. This diversion – primarily funded with Deepwater Horizon oil spill settlement money approved by the Trustee Implementation Group – is providing sediment to a starved basin that is due south of Downtown New Orleans and due west of Venture Global’s LNG facility. Over the next 50 years, the sediment carried by the project is projected to build and sustain over 26,000 acres of wetland, which will protect nearby communities and facilities.

Federal permitting reform benefits both energy and coastal projects. Mid-Barataria Sediment Diversion is an exemplar of streamlined permitting. In 2017, the White House Federal Permitting Improvement Steering Council (FPISC) approved the Mid-Barataria Sediment Diversion for inclusion on the FAST-41 Dashboard. FAST-41 covered projects are entitled to comprehensive permitting timetables and transparent, collaborative management of those timetables on the Federal Permitting Dashboard. Louisiana believed that the inclusion of the Mid-Barataria Sediment Diversion on the FAST-41 Dashboard was a significant achievement that would significantly expedite the permitting timeline for the project, and while a major win to receive approval and coordinated support, the permitting process took a year longer than expected, reaching completion in December 2022, and critical wetlands in the Barataria Basin were lost over this time.

The Coastal Restoration and Protection Authority (CPRA), in 2017, said that “our single biggest challenge to implementation of our largest scale projects is man-made – delays from complicated and inefficient environmental review and permitting processes.” Again, time and money are of the essence for Louisiana Coastal Program’s success, and thus for the long-term integrity of our economies and energy facilities. Over 50 years, implementing all projects in the 2023 Coastal Master Plan could reduce risk from tropical storms and hurricanes to coastal communities to less than what the current risk level is today. To fully implement this plan, \$1B per year is needed, but Louisiana’s coast is heading for a fiscal cliff with the exhaustion of Deepwater Horizon funding in 2031. Much of these missing revenues may come from energy. Over the next decade, if just the cap in GOMESA is lifted via the RISEE or BREEZE Acts, Louisiana would receive \$1.96B. Furthermore, there may be more creative funding sources to explore as more future energy sources come online.

We need efficient permitting, and we need sufficient funding to realize a consistent, virtuous cycle for energy and coastal projects. Thus, Congress should advance revenue-sharing legislation, invest directly in appropriations to coastal projects, proceed with lease sales, and prioritize permitting reform for projects that could contribute to this self-sustaining coastal energy relationship. In the long-term, these improvements will reap benefits to the U.S. Treasury in the form of averted disaster costs and greater economic output.

While our coast’s contributions to the nation should not be understated, they also are also important Gulf of Mexico considerations. The environmental conditions of the Gulf are uniquely tied to Louisiana. 90% of freshwater input into the Gulf comes from Louisiana. In fact, the Mississippi drains 41% of the continental United States through New Orleans. This makes for a valuable landscape and fruitful habitat, providing 26% of commercial fisheries landings, by weight, and wintering landings for more than five million migratory waterfowl. As goes Louisiana’s coast, so does the integrity and productivity of the Gulf of Mexico’s natural resources.

Louisiana’s coast has been the largest land loss crisis in the Western Hemisphere; however, improved investment in coastal restoration and protection within our state – with the help of Congress – is an opportunity for a historic success story that epitomizes American excellence and safeguards our economies. We appreciate your care for America’s working coasts, and your understanding of their economic value to all communities that you and your colleagues represent. The domestic and global energy industry especially counts on our working coast, and in hand, our coast should be a primary beneficiary of revenues from a thriving domestic energy sector, implementation of innovative energy technologies, and execution of demanded energy expansion.