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Orr's Island

An act to establish a wood energy investment program is a bad deal for Maine people because it allows a subsidiary of a private equity firm to comply with regulations by making payments to a fund that can then be accessed by another subsidiary of the same parent private equity firm. This is a closed loop of corruption that only benefits the entities that for most of my life have been scamming consumers, bilking taxpayers and polluting the air and water in Maine.

The majority of Maine's natural resources and energy infrastructure is controlled by a handful of multinational private equity firms with hundreds of billions of dollars worth of global assets under management. The identity of these firms and their overwhelming presence in the pine tree state is not apparent because private equity operates through shares in ownership of privately held companies.

One Canadian investment group that has long held a significant share of Maine assets currently operates under the moniker Brookfield Asset Management (BAM). People in Maine are more likely to know Brookfield Asset Management through the firm's subsidiaries like Fraser Paper, Twin Rivers paper, Acadian Timber, Vistra Energy, Downeast Energy or Summit Natural Gas. BAM has over \$600 billion in global assets under management including controlling shares in Enbridge, Kinder Morgan and Westinghouse. If we hope to have honest conversations about Energy, utilities and technologies then we need to start talking about BAM and other private equity firms that have operated from the shadows for way too long.

In June the Federal Energy Regulatory Commission approved the final stages of the Westbrook Xpress Project, which will allow for larger amounts of gas to be pumped up from a compressor station in Dracut Massachusetts to a compressor station in Westbrook Maine. According to the environmental assessment report, "emissions from operations at the Westbrook Compressor Station will increase by 78,322 tons per year of carbon dioxide equivalent (CO₂e)—for a total of 234,560 CO₂e tons per year" To put this in perspective, the average car emits 4.6 tons of CO₂ annually, which means the predicted increase in annual emissions from the Westbrook compressor station is equivalent to the average annual emissions of 50,991 cars. The population of Westbrook is around 19,000 people and if every one of them, including children, had their own car and drove it twice as much as the average driver then they would still not release as much CO₂e into the atmosphere as the Westbrook compressor station. These emissions will have a significant effect on the air in Westbrook and the surrounding region yet most people who live in Westbrook have never heard of the Westbrook Xpress project. That is because the private equity shell game behind natural gas expansion relies upon aggressive misdirection.

The transformation from pulp and paper mills to compressor stations and natural gas plants in towns across Maine appears on the surface to be the unforeseen outcome of a series of unconnected business ventures over the last twenty years, but it's not. It's not an accident that we have come to rely on North American oil and gas over nuclear, hydro, coal and overseas crude oil. This outcome was the plan since the dawn of the millenium. Seemingly disparate failures and controversies like the bankruptcies at Great Northern Paper in 2003 and again in 2014 or the draining of Flagstaff lake in 2012 or the ongoing storage container leaks in South Portland or the explosion at the pulp mill in Jay this past spring are all connected in their alignment to the plan, which was always to connect Maine and the Maritimes to an intercontinental network of pipelines that reach to the oil fields in Texas, fracking operations in the midwest and the tar sands in Canada.

Brookfield Asset Management is the current iteration of an investment firm called EdPer, which was founded in 1959 by Edward and Peter Bronfman with money they received from their uncle Samuel Bronfman in return for their father Allan's shares in Seagram's and Son's. In the 1920s The elder Bronfman Brother's amassed a fortune under the Seagram's moniker distributing British Crown whisky into the hands of American bootleggers like Al Capone.

Edward and Peter Bronfman grew EdPer into a powerhouse firm with the help of a young

South African accountant named Jack Cockwell. Some say that Jack Cockwell inspired the phrase hostile takeover when he launched a campaign in the late 70's/ early 80's to undercut the business dealings of energy conglomerate Brascan in order to steal the company out from under the nose of the executive shareholders. Brascan had held a near monopoly on energy production and distribution of electricity in Brazil, but in the late 1970's the ruling party in Brazil set out to nationalize energy utilities and Brascan was forced to liquidate. This meant that Brascan was holding a lot of money and needed to find ways to invest it. Jack Cockwell scuttled any attempt by Brascan's executive management team to make investments or acquire assets while surreptitiously securing majority shares in the conglomerate. In the end Cockwell commandeered Brascan

Over the next twenty years Brascan embarked on a feeding frenzy, buying up assets in all different sectors. This included mines in Alberta and paper operations throughout Maine.

Today these mines in Northern Alberta produce bituminous sand and have grown at an exorbitant rate over the last twenty years. In 2019 National Geographic published an article on the Alberta oil sands entitled "This is the world's most destructive oil operation—and it's growing" "Bitumen is too thick to pump, so light crude oil and chemicals are added." This is called diluted bitumen and the built up deposits of this volatile mixture are set to flow through the pipeline's left behind by Maine's pulp and paper industry.

At the same time that Brascan acquired mines in Alberta they also bought up paper operations all throughout the US and Canada including the one time crown jewel of papermaking in Maine and the state's largest landowner: Great Northern Paper Company.

Brascan consolidated timber land and hydro into separate subsidiaries and sold the mills in Millinocket and East Millinocket to a mysterious Canadian firm named Inexcon who immediately went about slashing union negotiated pay and pensions under the auspices of revitalizing the company. In the early two thousands Inexcon and the Nature Conservancy took advantage of federal new markets tax credits to access funds that allowed the nature conservancy to provide Inexcon with a loan in return for conservation easements on some land. Shortly after this deal was finalized Inexcon declared bankruptcy and the mills became the property of the largest secured creditor, the recently renamed Brookfield Asset Management (formerly known as Brascan).

In 2011 Brookfield sold the mills to Cate Street Capital who resurrected Great Northern Paper for the name of the LLC. In 2014 Cate Street declared bankruptcy on Great Northern at which point it came out that Cate Street in partnership with three other out of state private equity firms took advantage of Maine's New Markets Capital Investment Program to bilk the state out of \$16.25 million in "refundable" tax credits. The details of this corporate welfare scheme have been reported on by both the Bangor Daily News and Portland Press Herald, but there was a larger shell game at play that has gone undiscussed.

While focus was on drama surrounding the mill in East Millinocket, BAM scooped up all the hydro dams on the Penobscot, Allagash and St. John rivers. Over the next five years, they proceeded to gobble up almost all the dams in Maine, which they manage through subsidiaries like Twin Rivers, Black Bear hydro, Great Lakes Hydro America, Florida Light and Electric, etc..

BAM also squirreled away a large chunk of Maine's timberland into multiple subsidiaries the largest being Acadian Timber, which Brookfield sold to Macer Forest Holdings in 2019. The chairman of the board of Macer Forest Holdings is Malcolm Cockwell the son of Jack Cockwell.

The third asset that BAM pillaged from the paper industry is the easiest to overlook, a network of pipelines that run through all the towns where they oversaw similar cycles of boom and bust. Today BAM is a controlling partner in Enbridge, which manages almost all the pipeline infrastructure in North America. BAM also owns majority shares in Kinder Morgan, which is the largest holding company for North American oil and gas.

In effect Brookfield Asset Management engineered a slow motion demolition of Maine's pulp and paper industry and implemented a network for a new source of energy of which they now control the supply and lines of distribution. Brookfield's directorial role in all this is obscured because they operate through subsidiaries and oftentimes in consort with other private equity firms like Apollo Global Capital Management who owned Verso paper or SAPPI who took over the S.D warren mills. Towns like Westbrook, Jay and Berlin New Hampshire followed different trajectories, but all ended up in the same place at the same time. They are all now home to pipelines, compressor stations or natural gas plants.

Over the last twenty years taxpayers and energy consumers in Maine and New Hampshire have been subsidizing paper making and biomass ventures that were destined to fail while our private equity overlords consolidated the worthwhile assets and rammed through pipelines and compressor stations for domestic distribution and overseas export of North American oil and gas. For proprietary and national security reasons these pipeline networks don't show up on publicly accessible maps. This means that only a select few within business and government have been allowed to see the full scope of Maine's energy future. This closed door lawmaking has allowed hundred billion dollar private equity firms to either bribe or bamboozle legislators into agreeing on bad deals for the state of Maine.

Thank you for reading my testimony. I am happy to discuss any of this in more detail.