



Testimony in Support of LD 194
An Act To Prohibit Contributions, Expenditures and Participation
by Foreign Government-owned Entities To Influence Referenda
March 15, 2021

Senator Luchini, Representative Caiazzo, and members of the Joint Standing Committee on Veterans and Legal Affairs. My name is Pete Didisheim. I am the Advocacy Director for the Natural Resources Council of Maine, and I appreciate this opportunity to testify on behalf of our more than 25,000 members and supporters in support of LD 194, *An Act To Prohibit Contributions, Expenditures and Participation by Foreign Government-owned Entities To Influence Referenda*.

This bill would close a loophole in Maine law that allows foreign government-owned corporations to spend unlimited resources to influence the outcome of referenda votes. A glaring example of the problem that this bill would fix can be seen in the \$10 million that Hydro-Quebec has spent over the past 16 months in an effort to meddle in Maine's elections.

Hydro-Quebec should not be misconstrued as simply a foreign-based company. That's not what it is. Hydro-Quebec is a *state-owned enterprise* established by the Government of Quebec in 1944 to generate revenues that go directly to the Province of Quebec. In 2020, Hydro-Quebec provided \$3.6 billion to its sole shareholder, the Government of Quebec.¹ That was the equivalent of more than 90 percent of Maine's General Fund budget of \$3.9 billion in 2020.²

The financial interests of Hydro-Quebec and the Province of Quebec are deeply intertwined. That's why both entities have been intensely focused on preventing Maine lawmakers and Maine voters from taking any action that would hamper or terminate the New England Clean Energy Connect (NECEC), also known as the CMP corridor. That project, as you know, would deliver electricity across Maine on a 145-mile transmission line between Quebec and Massachusetts. Hydro-Quebec stands to make more than \$12 billion over 20 years through a highly lucrative contract with Massachusetts for the NECEC, and Quebec – the government, communities, and taxpayers of the Province – would benefit enormously from this steady revenue source.

The loophole in Maine law would allow similar campaign activities by any foreign nation that has government-owned corporations, like France, Norway, China, or Russia. For the sake of argument, let's assume we were witnessing a massive campaign not by Quebec, to our north, but the Commonwealth of Massachusetts, to our south. Would we sit idle if a company that provided all of its profits to the State of Massachusetts did the following actions here in Maine to influence votes on the CMP corridor – because all of the following actions describe Hydro-Quebec's campaign:

- Spending \$10 million on media, polling, voter identification, and consultants;
- Failing to provide accurate, legal campaign reports, resulting in a \$35,000 ethics fine;

¹ <https://issuu.com/hydroquebec/docs/annual-report-2020-hydro-quebec?fr=sMTE5NDI3OTk3MQ>

² <http://legislature.maine.gov/doc/3080>

- Changing the address of the campaign in an attempt to hide the fact that the campaign was connected to a government-owned corporation by changing the address to another jurisdiction;
- Hiring one of the top ten most expensive DC lobbying firms;
- Relentless print advertising in Maine's newspapers, including 54 full-page and 32 half-page ads between January and August 2020 alone – more than any other political entity during that period;
- Lobbying to defeat proposed legislation that would curb their campaign in Maine; and
- Dismissing letters from Maine lawmakers calling on the company to stop meddling in Maine's elections.

If campaign activities such as these were done by a company owned by the State of Massachusetts, I believe Maine voters would be furious. They would want to close any loophole that was allowing it to happen. We should be no less furious with Hydro-Quebec. You have before you in LD 194 the remedy to close the loophole that allows government-owned corporations to run campaign operations in Maine.

This shouldn't even be a close call. Hydro-Quebec created its PAC in November 2019 for the express purpose of influencing the opinion of Maine voters on a project that would generate billions in profits for Quebec. The financial interests of Quebec's citizens should not be allowed to fuel a political campaign targeted at telling Maine people how they should vote.

We urge the Committee to pass LD 194. The Hydro-Quebec Maine Partnership should be banned from spending money in Maine to influence Maine citizens who are simply pursuing their constitutional rights to affect Maine law through the referendum process.

Attached to my testimony is a detailed analysis of Hydro-Quebec's campaign operations in Maine over the past 16 months. I appreciate the opportunity to provide these comments and would be glad to answer any questions you may have.

Analysis: Hydro-Quebec Exploiting Loophole in Maine Election Law with Extensive and Aggressive Political Campaign Activity

Hydro-Quebec is directly tied to the Government of Quebec

As a Crown Corporation, Hydro-Quebec is unlike any entity that has attempted to directly influence Maine voters in the past. Established by the Government of Quebec in 1944, Hydro-Quebec is a *state-owned enterprise* that provides billions of dollars annually to the Province of Quebec. In 2018, Hydro-Quebec [paid \\$2.4 billion in dividends to Quebec](#), its sole shareholder. The financial interests of Hydro-Quebec and the Province of Quebec are deeply intertwined. As [explained in Investopedia](#): A crown corporation is established and regulated by the government. This is completely different from a private corporation, which is privately owned, structured, and operated to serve the owners of the company. Quebec commercially owns Hydro-Quebec, and the corporation is operated to serve the interests of the people of Quebec as determined by the government.

Hydro-Quebec is exploiting a loophole in Maine ethics law

Hydro-Quebec is prohibited by Maine ethics laws from contributing to candidate elections, but unlike many other states, [Maine law has a loophole](#) that does not currently prohibit foreign government-owned corporations like Hydro-Quebec from attempting to influence the outcome of a citizen-initiated referendum. Although representatives of Hydro-Quebec refused to testify under oath in Maine to answer questions about the CMP corridor project in 2019 or 2020, including unsubstantiated and dubious claims about the project's benefits for the climate, [Hydro-Quebec's top legal counsel](#) rushed to the Maine State House to testify on March 11, 2020, against [LD 2136](#), a bill aimed at closing this loophole.

Hydro-Quebec has spent a record \$10 million to influence Maine voters

From October 2019 through December 2020, the [Hydro-Quebec Maine Partnership](#) ballot committee spent \$9.99 million to defeat any referendum that would terminate the CMP corridor. [CMP spent \\$14.87 million](#) during this period, for a record-shattering combined campaign of \$24.8 million. HQ and CMP *each* have exceeded the previous record of the most spent by an entity on a referendum in Maine of \$9.4 million spent in 2017 by out-of-state companies promoting construction of a casino in York County.

Hydro-Quebec has violated campaign spending reporting requirements

In January 2020, Hydro-Quebec admitted to breaking state ethics laws by spending \$100,000 to influence Maine voters without registering with the Ethics Commission. Hydro-Quebec [was fined \\$35,000](#), the second-largest campaign violation fine in Maine history.

Hydro-Quebec is trying to hide foreign government ownership

As Hydro-Quebec's efforts to [exploit a loophole in Maine ethics law received media attention](#) in late 2019 and early 2020, the company [attempted to deceive Mainers into thinking that Hydro-Quebec was based in Connecticut](#).

- The January 15, 2020, spending report for Hydro-Quebec Maine Partnership (for the reporting period 11/21/2019 to 12/31/2019) lists an address for Hydro-Quebec Maine Partnership (HQMP) as 75 boulevard Rene-Levesque Ouest, Montreal, Quebec, Canada. [This is Hydro-Quebec's headquarters building](#). The report also lists HQMP's Treasurer, Jean

Lapointe, as being located at the Montreal address, and maintains her Montreal-based email.

- Faced with criticism about a foreign government-owned company attempting to influence a Maine election, HQMP's Treasurer, Jean Lapointe, [submitted an amended report](#) with the Maine Ethics Commission changing the address of HQMP to 225 Asylum St., 27th Floor, Hartford, Connecticut, the location of HQ Energy Services. The Treasurer's address remained in Montreal.
- Hydro-Quebec's print ads in Maine newspapers in January 2020 all [listed the HQ Headquarters' Montreal, Quebec address](#), but by February 25, 2020 and in cases since, the [HQ campaign ads have listing Hartford, CT](#) as the address.

Hydro-Quebec has funded a relentless, expensive print ad campaign

Since January 14, 2020, [Hydro-Quebec has financed a continuous stream of print ads in Maine's leading newspapers](#). In the *Portland Press Herald*, *Bangor Daily News*, *Kennebec Journal*, and *Morning Sentinel*, Hydro-Quebec has placed a combined total of 54 full-page ads and 32 half-page ads (from 1/14/20 through 7/28/20 alone) – far more than any candidate, business, or any other entity. Hydro-Quebec spent an estimated \$330,000 on these print ads.

Hydro-Quebec is running deceptive, manipulative ads

[Example 1](#): On February 28, [Hydro-Quebec was criticized](#) for running a two-page ad in Maine newspapers that intentionally misled Mainers to believe that Baxter State Park was partnering with Hydro-Quebec in support of the CMP corridor project. In a strongly worded protest, the [President of Friends of Baxter State Park wrote](#): "To use Baxter State Park as part of a campaign to build a transmission line through the Maine woods is exactly the type of outside interference that Gov. Baxter feared." Hydro-Quebec issued a statement, but no apology.

[Example 2](#): On April 14, Hydro-Quebec started running another manipulative ad intended to mislead Mainers into connecting another iconic outdoor location with the CMP corridor project. This ad featured an image of Jordan Pond and The Bubbles at Acadia National Park, falsely implying that Acadia National Park is partnering with Hydro-Quebec.

[Example 3](#): On June 2, Hydro-Quebec started running yet another intentionally manipulative print ad in Maine's major newspapers using a fossil fuel power plant image that clearly is not located anywhere in New England. The ad features multiple smokestacks belching clouds of black pollution, with the word DIRTY in red across the picture, adjacent to a picture of hydropower and the word CLEAN. Such blatant sources of pollution have long since been shut down in New England, yet Hydro-Quebec wants Mainers to think the corridor project is necessary to make these pollution sources go away.

Hydro-Quebec's failures to provide accurate, legally required reports continue

Since November 2019, Hydro-Quebec has spent \$468,333 on campaign services from a firm named [Blaze](#), which it reports on all filings with the Maine Ethics Commission as being located at 76 Spring Street, Charleston, South Carolina. However, Blaze of Charleston, South Carolina, [advertises](#) as "a multifamily investment firm focused on owning and operating institutional rental housing communities."

The [actual firm hired by Hydro-Quebec is a different entity located in Maine](#). On April 27, 2020, a Yarmouth-based marketing firm [Blaze Partners](#) registered with the U.S. Department of Justice that

it was representing Hydro-Quebec, pursuant to the Foreign Agents Registration Act, and disclosed that it began working for Hydro-Quebec in November 2019. Whether inadvertent or intentional, all Hydro-Quebec campaign reports with the Maine Ethics Commission need to be corrected.

These false filings belie [Hydro-Quebec's claim](#), following the [\\$35,000 fine by the Ethics Commission](#), that its campaign committee “has taken every measure to make sure that it is tracking and recording information in such a way that it can disclose information to the Commission in a timely manner and has, in fact, made timely, subsequent disclosures under the Commission’s rules.”

Hydro-Quebec consultant Blaze Partners failed to report to Justice Department

Because Hydro-Quebec is a foreign government-owned corporation attempting to influence an election in the United States, its U.S.-based consultants are required to register pursuant to the Foreign Agents Registration Act (FARA). Specifically, FARA “mandates that you must register before acting as an agent of a foreign principal. Under Section 612(a) of FARA, parties must file a registration statement within 10 days of having agreed to act as an agent of a foreign principal.”

According to the FARA website: “The penalty for a willful violation of FARA is imprisonment for not more than five years, a fine of up to \$250,000, or both.” Blaze Partners began working for Hydro-Quebec Maine Partnership in November 2019, but [didn't register with the Justice Department pursuant to FARA until April 27, 2020](#). This appears to be a FARA violation. The Blaze Partners registration states that “Hydro-Quebec is considered a ‘Crown Corporation’ in that the Government of Quebec is the sole shareholder,” and says, “Blaze Partners provides regular and ongoing counsel on strategies that will allow for a positive outcome on this ballot question when it comes to vote in November 2020.”

Hydro-Quebec escalated its campaign by hiring one of the most expensive D.C.-based firms

In a move suggesting that Hydro-Quebec will spend whatever it takes to influence Maine voters, the Hydro-Quebec Maine Partnership in mid-2020 hired the D.C.-based company Forbes Tate Partners, one of the [nation's top ten lobbying firms](#). Forbes Tate is run by founding partners [Jefferey Forbes and Daniel Tate](#) who both served in the White House as assistants to President Bill Clinton.

On July 7, 2020, the [Forbes Tate Partners registered with the U.S. Department of Justice](#), pursuant to FARA, that it has been retained for “research, surveys, polling, and message development.” The contract was worth \$329,000 and would include the following deliverables:

- 35 30-minute in-depth interviews (due on or about July 20; \$30,000);
- 25 in-depth interviews (on or about Sept. 20; \$24,000);
- Social & traditional media Insights benchmark (due on or about July 9; \$13,000);
- Maximum of five social/traditional media follow-up reports (biweekly, beginning Sept. 1; \$3,000 per report);
- Benchmark poll (on or about July 31; \$41,000);
- Data enhancement and targeting analysis (on or about July 31; \$11,000);
- Maximum of five tracking surveys (biweekly, beginning Sept. 1; \$31,000 per report); and
- Ad tracking for a maximum of four months (weekly reports; \$7,500 per month).

On July 29, 2020, [Forbes Tate filed with the U.S. Department of Justice a copy of the public opinion survey](#) for identifying the messages that it would feature in Hydro-Quebec’s newspaper, television, and digital ad campaign against the CMP corridor referendum.

On August 4, 2020, an Arlington, Virginia-based company named Certus Insights, [filed with the U.S. Justice Department that it was working as a foreign agent](#), as a subcontractor to Forbes Tate Partners. The filing reveals that the purpose of the contract was:

“Registrant will conduct a quantitative survey of likely Maine voters and analyze and model media consumption data for likely Maine voters to assist Hydro-Quebec in obtaining regulatory approval for a transmission line between Appalaches substation in Saint-Adrien-d’Triandra and a connection point on the Quebec-Maine border.”

On November 4, 2020, [in an updated filing with the U.S. Department of Justice](#), Forbes Tate Partners revealed that its contract with Hydro-Quebec was increased to \$449,000 through April 30, 2021. As of December 2020, Hydro-Quebec had spent \$242,125 on services from Forbes Tate.

Hydro-Quebec Disregards Lawmaker Appeals for HQ to Stop Campaign Meddling in Maine

Although Hydro-Quebec was never willing to send a representative to Maine to testify under oath about the CMP corridor project, [HQ’s Chief Counsel](#) traveled from Montreal to Augusta on March 11, 2020 to testify against a bill ([LD 2136](#)) that would block HQ’s campaign spending in Maine. Because the Maine Legislature abruptly adjourned within days after that public hearing, enactment of LD 2136 was not possible. A bi-partisan group of 25 Maine current and former lawmakers concerned about HQ’s campaign activities then [sent a letter to the CEO of Hydro-Quebec and the Premier of Quebec](#) urging them to “cease all further campaign activities in Maine and let the people of Maine vote without further meddling in our elections.” HQ’s public relations manager [responded with a dismissive letter](#) stating that HQ’s campaign would continue. No response was every provided by the Quebec Premier or HQ CEO.

