

A photograph showing a row of offshore wind turbines in the ocean, viewed from the deck of a ship. The ship's yellow railing and part of its structure are visible in the foreground. The turbines are white with yellow bases, and the sky is clear blue.

# 28th Annual International Submerged Lands Management Conference:

Emerging Policies and Plans  
for Offshore Development

September 10, 2009

Steven D. Textoris

Office of Alternative Energy Programs  
Minerals Management Service

# MMS Mission Statement

The Minerals Management Service manages the ocean energy and mineral resources on the Outer Continental Shelf and Federal and Indian mineral revenues to enhance public and trust benefits, promote responsible use, and realize fair value.



# MMS Authority: EPA Act 2005

- Gave the Secretary of the Interior authority to grant a lease, easement or right-of way for activities on the OCS that produce or support production, transportation, or transmission of energy from sources other than oil or gas
- Called for the promulgation of any necessary regulations to carry out this new authority
- Secretary delegated responsibility for OCS renewable energy activities to MMS

# EPAct Mandates: Specific Requirements

All activities must provide for:

- Safety
- Protection of the environment
- Conservation of natural resources
- Coordination with relevant Federal agencies
- Oversight, inspection, research, monitoring, and enforcement



# EPAct Mandates: Payments & Revenue Sharing

- “The Secretary shall establish **royalties, fees, rentals, bonuses, or other payments** to ensure a **fair return** to the United States ...”
- “The Secretary shall provide for the payment of **27 percent of the revenues received**...as a result of payments under this section...among **coastal states**”



# Regulatory Framework

Cradle-to-grave approach encompassing:

- Coordination
  - Federal/State/Local Task Forces
- Lease and Grant Issuance
  - Competitive & Noncompetitive Leasing
  - Commercial & Limited Leases
- Plans & Operations
  - Site Assessment, Construction & Operations, and General Activities Plans
  - Operations Under Approved Plans
  - Environmental & Safety Monitoring & Inspections
- Payments
  - Bonding & Payments
- Decommissioning

# Regulatory Framework

- In developing the regulatory framework MMS worked closely with the Federal Energy Regulatory Commission (FERC) to clarify jurisdictional understandings relating to renewable energy activity on the OCS
- We worked together to develop a Memorandum of Understanding (MOU) to effect a cohesive, streamlined approach to managing offshore renewable energy projects
- MMS incorporated the principles of the MOU into the final regulatory framework
- MMS and FERC then cooperated in drafting guidance to further clarify the regulatory procedures relating to hydrokinetic projects
- The guidance document was completed on August 4 and is now available on the MMS and FERC websites

# OCS Renewable Energy Regulatory Framework Milestones

- ✓ Published **ANPR** (Dec 2005)
- ✓ Convened **Stakeholders meetings** (Oct 2006 & Jan 2007)
- ✓ Released **final Programmatic EIS** (Nov 2007)
- ✓ Issued **Record of Decision** (Jan 2008)
- ✓ Published **Proposed Rule** (July 2008)
- ✓ Held **proposed rule public workshops** (Aug 2008)
- ✓ Closed **rule comment period** (July - Sep 2008)
- ✓ Sent **final Rule** to OMB (Nov 2008)
- ✓ Published **final Rule** (April 2009)
- ✓ Held **final Rule workshops** (June 2009)

# Subpart by Subpart Summary

<b>A</b>	General provisions, including authorities, purposes, responsibilities, qualifications, and definitions
<b>B</b>	Leases
<b>C</b>	Rights-of Way and Rights-of-Use and Easement Grants
<b>D</b>	Administrative provisions, including designations, assignments, suspensions, etc
<b>E</b>	Payments and Financial Assurance
<b>F</b>	Plans and information requirements, including SAPs, COPs, and GAPs
<b>G</b>	Facility Design, Fabrication, and Installations
<b>H</b>	Environmental and Safety Management, including inspections for activities
<b>I</b>	Decommissioning
<b>J</b>	Alternate use of existing OCS facilities

# Financial Assurance

## Commercial Leases

- Require a lease-specific \$100,000 bond before lease issuance
- May require additional bond before SAP approval
- Require COP bond based on project complexity, projected payments, and decommissioning costs before COP approval

# Financial Assurance

## Limited Leases, ROWs, RUEs

- Require a \$300,000 lease or grant-specific bond
- May increase based on projected payments, and abandonment & cleanup costs

# Framework Covers

Two provisions under Section 388:

- Production, transportation, or transmission of energy from sources other than oil and gas – “*Renewable Energy*”
- Use of currently or previously OCSLA-authorized facilities for energy-related purposes or for other authorized marine-related purposes – “*Alternate Use*”

# Consultation & Coordination

## Task Forces

- Establish at the request of the Governor
- Consist of state, local, and federal agencies and tribal governments
- Inform the MMS OCS Renewable Energy Program (e.g., environmental/technical studies)
- Facilitate efficient review process for OCS renewable energy planning and leasing activities

# Payments

## Bonus Bids

- Minimum bid established in Final Sale Notice for leases or Auction Notice for grants

## Acquisition Fees

- \$0.25/acre for leases issued noncompetitively
- None for grants

## Rentals

- \$3.00/acre/year for leases
- \$5.00/acre/year for project easements, ROWs and RUEs

# Two Types of Leases

**Commercial Lease** - full development and power generation

- 6-month preliminary term (only if issued competitively)
- 5-year site assessment term
- 25-year operations term



# Two Types of Leases



**Limited Lease** - resource assessment and technology testing

- 6-month preliminary term (only if issued competitively)
- 5-year operations term

# Determination of Competitive Interest

- Issue public notice – Request for Interest
- If competitive interest exists, proceed to competitive lease sale
- If no competitive interest exists, proceed with non-competitive lease process

# Competitive Process

**Call for Information** requests information about interest, issues, and concerns associated with specified areas

**Area Identification** describes the specific area, any alternatives to the proposed action, mitigation measures, and issues to be analyzed and considered for leasing

- **Lease sale compliance documents** such as an NEPA, CZMA, and other consultation documents (e.g., ESA) are prepared by MMS

# Competitive Process

**Proposed Sale Notice** describes proposed bidding systems, fiscal terms, lease terms and conditions, mitigation, and award criteria

**Final Sale Notice** describes sale procedures and rationale for the final fiscal terms, lease terms and conditions, mitigation, and award criteria

**Conduct Lease Auction**

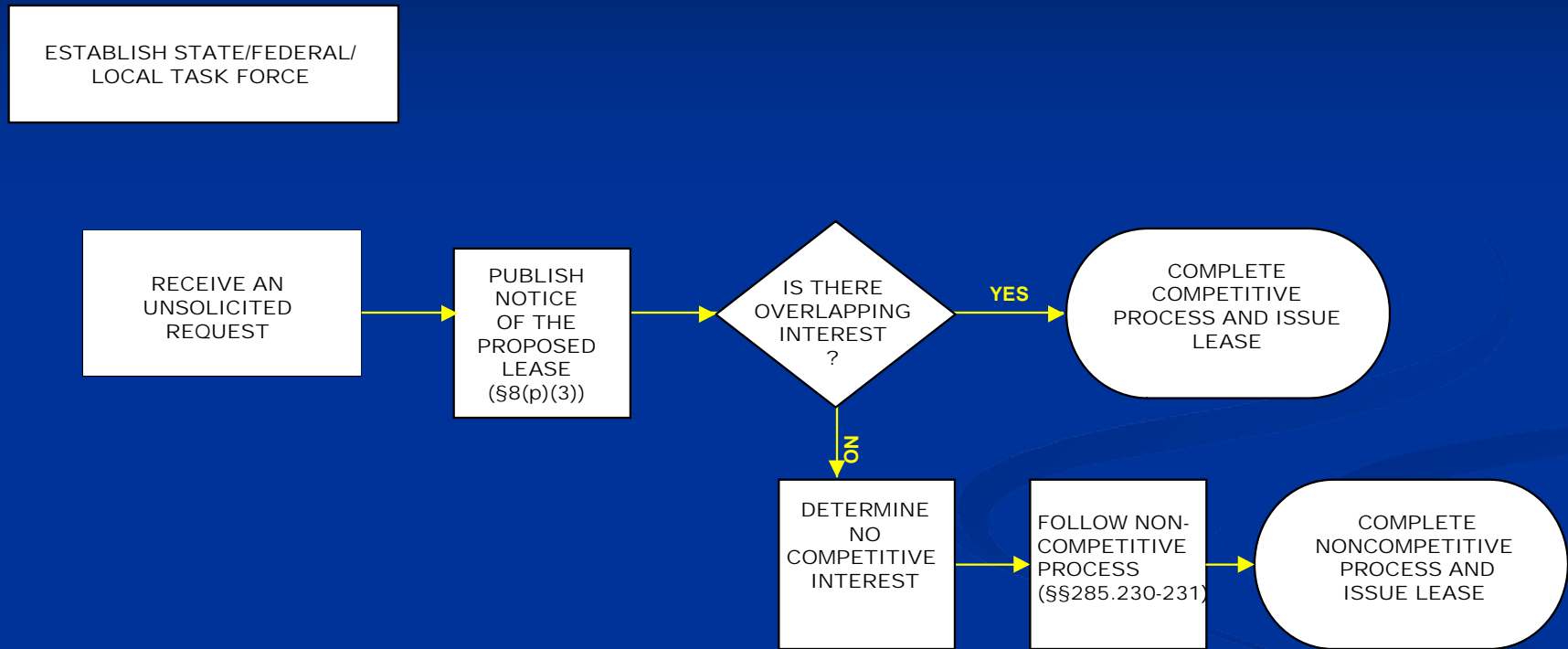
**Award Lease**



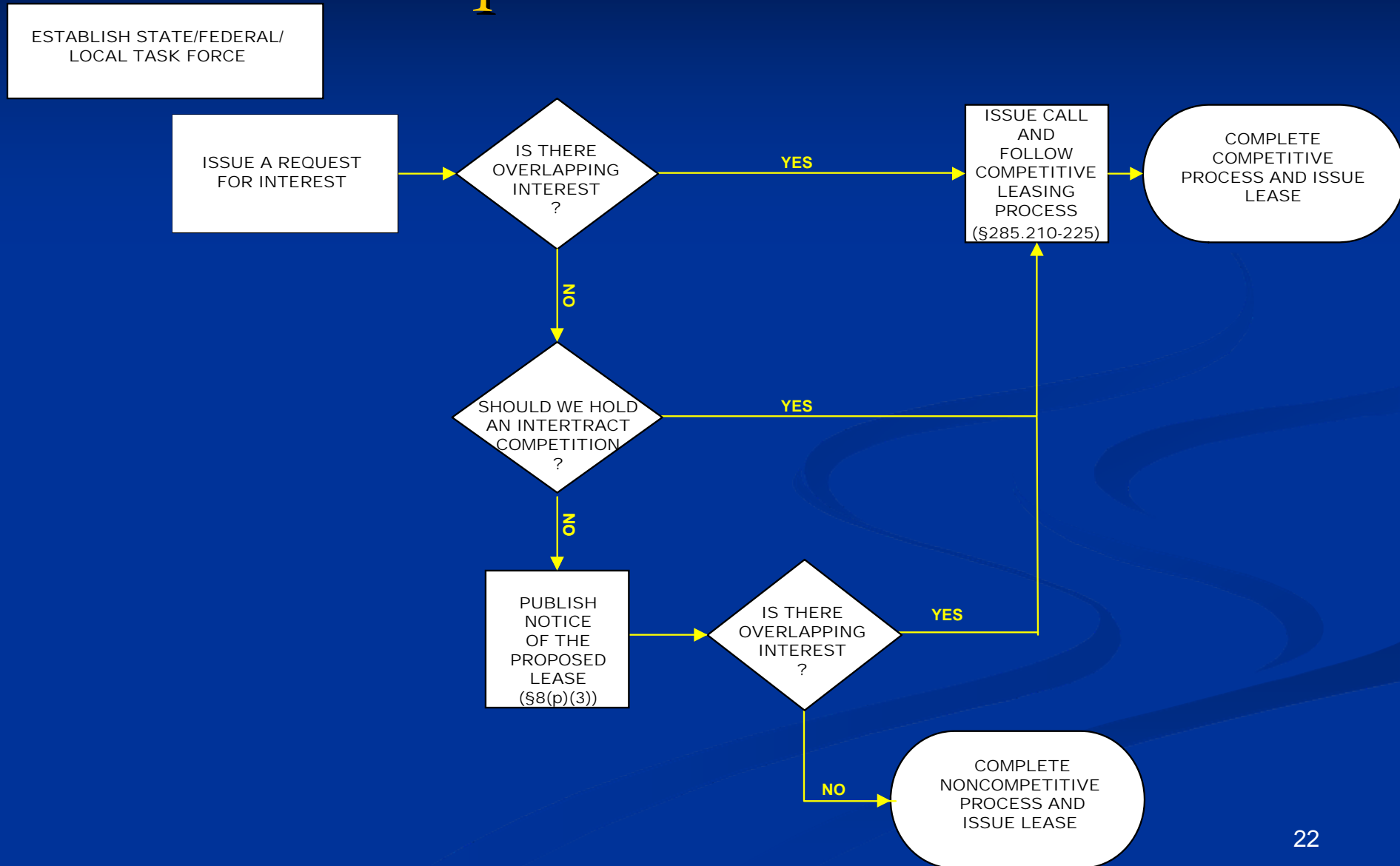
# Noncompetitive Process

- Site Assessment Plan (or General Activities Plan for a limited lease) submitted and reviewed
- MMS **coordinates and consults** with Federal entities and other stakeholders
- **NEPA & CZMA** compliance documents and other environmental consultation (e.g., ESA, MMPA, MSA) are completed
- MMS determines the **lease terms and conditions** in consultation with the applicant and state
- MMS approves Plan and **issues lease** simultaneously

# Starting the Leasing Process with an Unsolicited Request



# Starting the Leasing Process with a Request for Interest



# OCS Renewable Energy Plans

- Plans provide project information; conduct environmental & technical reviews
- Commercial leases
  - Site Assessment Plan (SAP) describes assessment activities needed to characterize the site for a commercial lease
  - Construction and Operations Plan (COP) describes construction and operations concepts
- Limited leases
  - General Activities Plan (GAP) describes activities similar to those covered in the SAP and COP

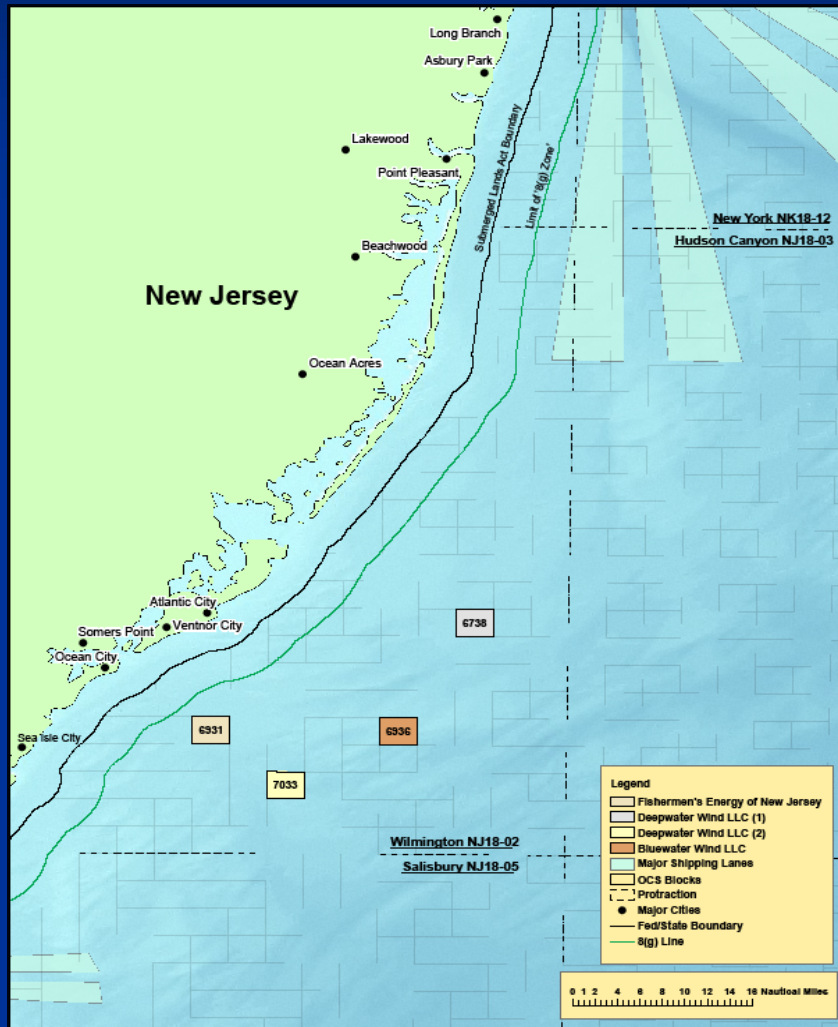
# Related MMS Initiatives

- Interim policy to allow site assessment/technology testing before completion of final regulatory framework
- Cape Wind Energy Project review in accordance with EPAct savings provision

# MMS Interim Policy

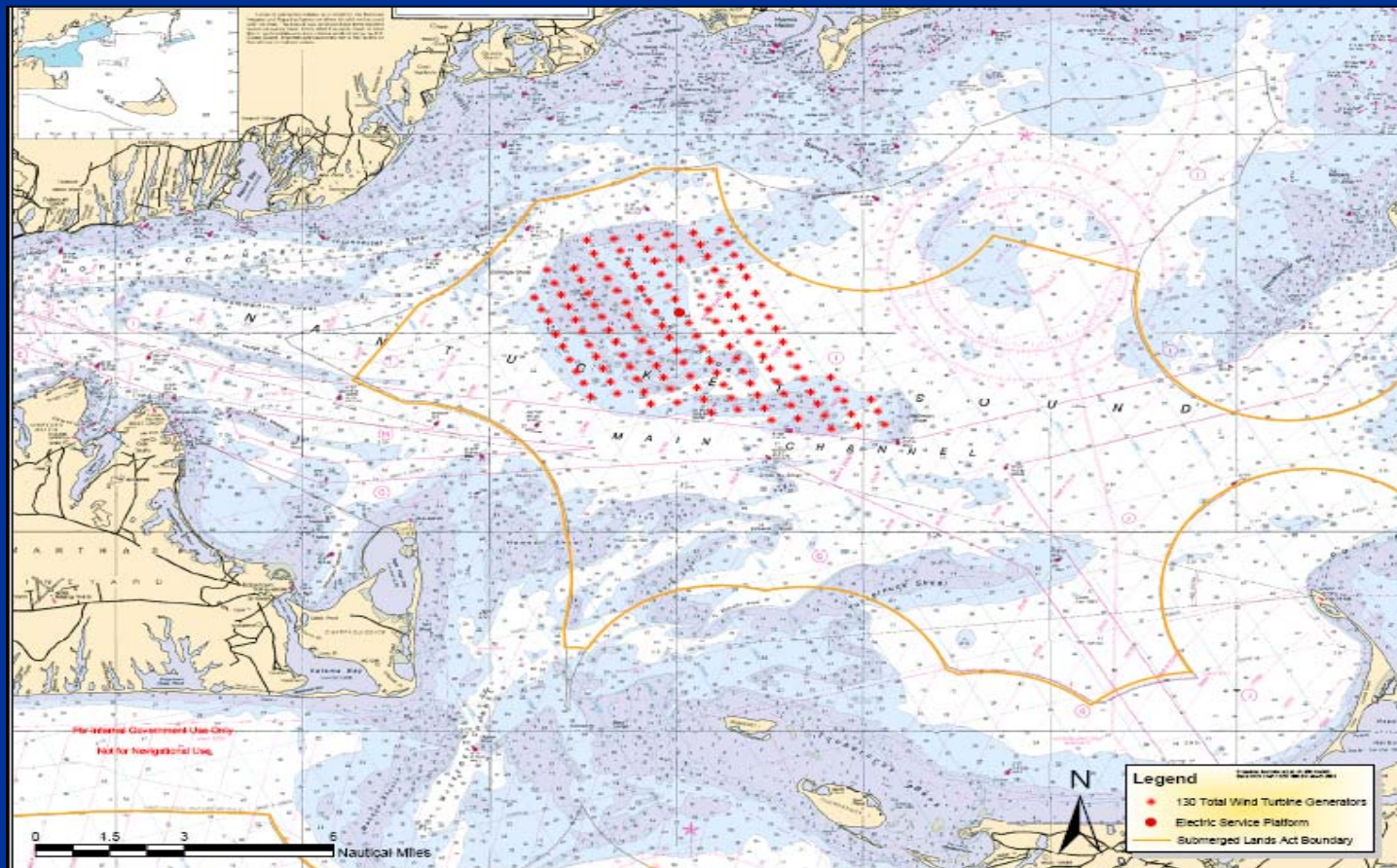
- Intended to allow data collection and technology testing activities to proceed without delay before we complete the rulemaking

# Limited Leases off Delaware and New Jersey



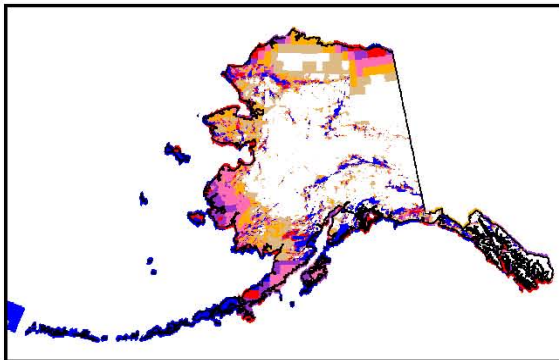
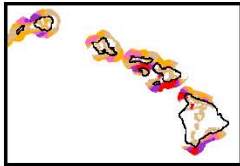
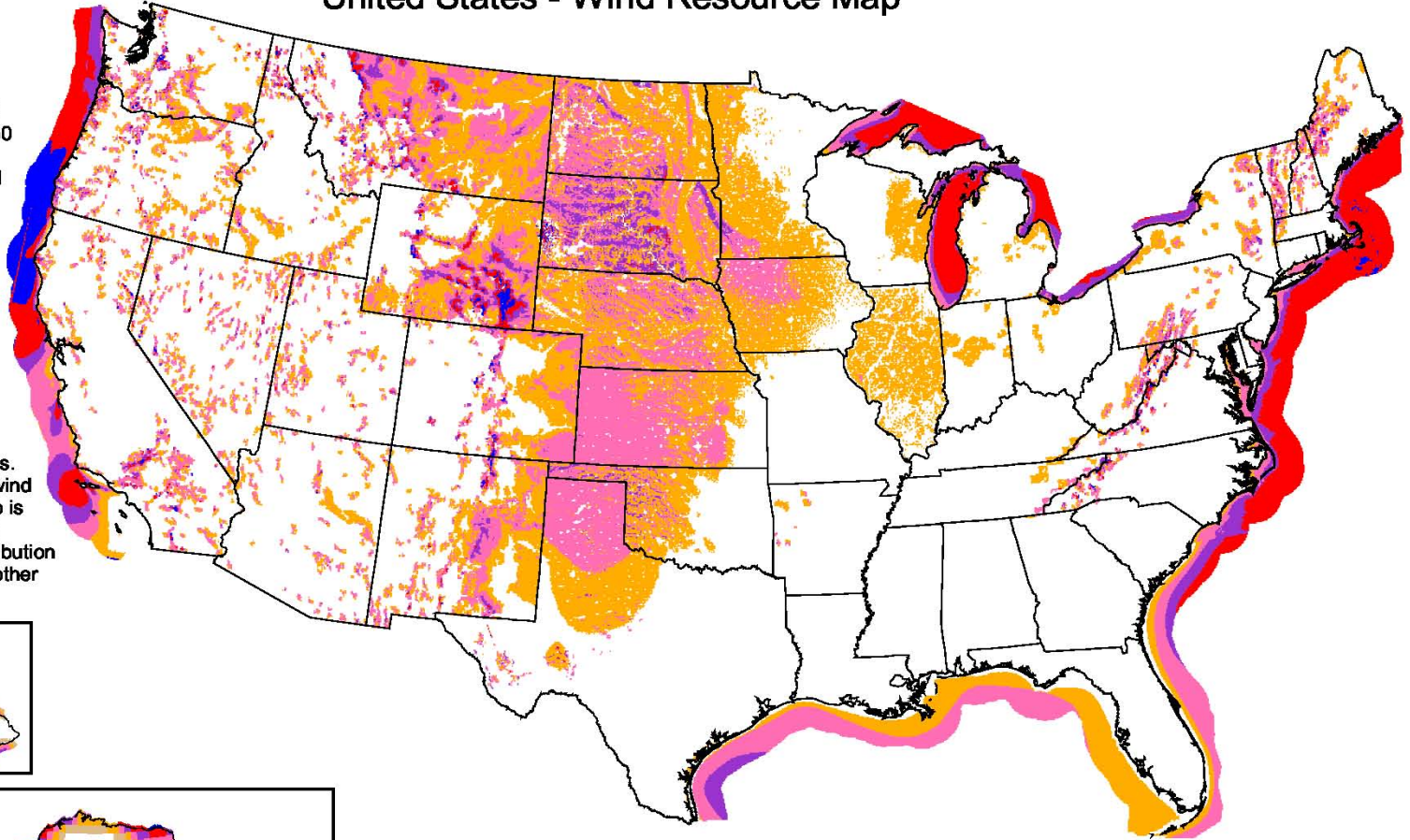
# Cape Wind Project

- MMS completed review process under NEPA
- MMS Priority: Issue Record of Decision (2009 target)



# United States - Wind Resource Map

This map shows the annual average wind power estimates at 50 meters above the surface of the United States. It is a combination of high resolution and low resolution datasets produced by NREL and other organizations. The data was screened to eliminate areas unlikely to be developed onshore due to land use or environmental issues. In many states, the wind resource on this map is visually enhanced to better show the distribution on ridge crests and other features.



Wind Power Classification				
Wind Power Class	Resource Potential	Wind Power Density at 50 m W/m <sup>2</sup>	Wind Speed <sup>a</sup> at 50 m m/s	Wind Speed <sup>a</sup> at 50 m mph
3	Fair	300 - 400	6.4 - 7.0	14.3 - 15.7
4	Good	400 - 500	7.0 - 7.5	15.7 - 16.8
5	Excellent	500 - 600	7.5 - 8.0	16.8 - 17.9
6	Outstanding	600 - 800	8.0 - 8.8	17.9 - 19.7
7	Superb	800 - 1600	8.8 - 11.1	19.7 - 24.8

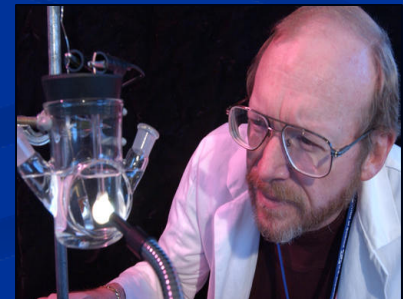
<sup>a</sup> Wind speeds are based on a Weibull k value of 2.0



U.S. Department of Energy  
National Renewable Energy Laboratory

# Other Developments on the Horizon

- Many east coast states (NJ, DE, MA, ME, MD, VA, NC, SC, GA) are looking into offshore wind development
- Initiate commercial leasing program (first unsolicited application has been received)
- Offshore California & Oregon there is some interest in wind development, but focus is on ocean wave resources
- Ocean current resources have attracted the interest on the Atlantic coast of Florida
- Interest in transmission cable ROWs to establish a 'backbone' for OCS infrastructure for feeding into the grid



# Research and Studies Efforts

- Efforts underway:
  - Environmental Studies Program
  - Technology Assessment and Research
  - International Energy Agency (IEA) Annex
- Use results to inform leasing, plan review, and program decisions
- Renewable Energy Environmental Studies Development Plan on web:
  - [www.mms.gov/offshore/alternativeenergy/studies](http://www.mms.gov/offshore/alternativeenergy/studies)
- Continuing to identify challenges and baseline needs

# Marine Spatial Planning

- New studies that incorporate aspects of MSP:
  - OCS Renewable Energy and Space-Use Conflicts and related mitigation
  - EcoSpatial Information Database – U.S. Atlantic Region
  - Archaeological Analysis in the Gulf of Mexico
- MMS is focusing its MSP efforts on obtaining useful knowledge in collaboration with stakeholders

# Multipurpose Marine Cadastre

- The multipurpose marine cadastre was developed in cooperation with NOAA to implement the EPO Act 2005 mandate for coordinated OCS mapping
- Multipurpose Marine Cadastre provides a comprehensive spatial data infrastructure whereby rights, restrictions and responsibilities in the marine environment can be assessed, administered, and managed.
- Decision makers will have access to the best available information in order to meet their management, enforcement, and research missions or objectives.

<http://mms.gov/offshore/mapping>

# Conclusion

- With the MMS regulatory framework in place, we prefer to work together with States in determining where and when to undertake OCS leasing and in implementing competitive and noncompetitive processes
- We look forward to working with state, federal, and other interested partners to achieve efficient, safe, & environmentally sound ocean energy development