

Offshore Alternative Energy Programs Update

Coastal Zone Management
Southern and Caribbean
Regional Meeting
October 2008

Two Key OAEF Initiatives

- Proposed Regulations—published on July 9
- Interim Policy Limited Leases—announced first round decisions on July 23
- Final Rule published in late December

Regulations Cover

Two provisions under Section 388:

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

Examples of Alternative Energy



Wind Energy

Wave Energy

Ocean Current Energy

Solar Energy

Hydrogen



Considerations

Regulating an **emerging** offshore industry

- Pioneering and **entrepreneurial**
- Relatively **under-capitalized**
- Deploying **prototype technology** with uncertain environmental and engineering implications



Major Regulatory Components

- State and Local coordination and consultation
- Phased approach
 - Lease & Grant Issuance
 - Plan Submittal & Review
 - Conduct of Approved Plan Activities
 - Decommissioning
- Payments
- Revenue sharing

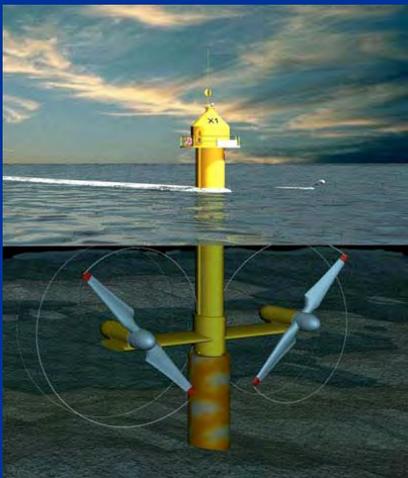
Subsection 8(p) Instruments

- Lease
- Right of Use and Easement (RUE)
- Right-of-Way (ROW)
- Alternate Use RUE



Two Leasing Processes

- Competitive Leasing
- Noncompetitive Leasing
 - After public notice of proposed lease area to determine no competitive interest



Two Types of Leases

Commercial leases - full development and power generation

- 25-year operations term

Limited Leases - resource assessment and technology testing

- 5-year operations term

Both types include a **project easement** for necessary cables or pipelines

Plans

- Plans are an umbrella for the project, used for NEPA, CZMA & other statutory compliance
 - Provide general project information
- Commercial leases
 - **Site-Assessment Plan (SAP)** describes site characterization activities
 - **Construction Operations Plan (COP)** describes construction and operations concepts
- Limited leases, ROWs, and RUEs
 - **General Activities Plan (GAP)** describes activities similar to those covered in the SAP and COP

CZM Compliance for Competitive Leases or Grants

- In compliance with Section 307(c)(1), MMS will determine if a leasing or grant activity is likely to affect coastal resources or uses
- If so, MMS will prepare a Consistency Determination for each affected State at least 90 days before the lease or grant activity approval

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CZM Compliance for License and Permit Activities

- Alternative Energy activities must be conducted in a manner consistent with each State's federally-approved CMP
 - If listed and geographically defined, applicant submits CZM certification and other information to the State and MMS
 - States can request consistency review of unlisted activities, subject to NOAA approval
 - MMS cannot issue noncompetitive leases or approve noncompetitive grants or plans without required consistency review

NEPA and CZM: Leases

Activity	MMS process	NEPA documentation	Lease or grant conditions	CZMA
Leases				
Competitive lease sale	Conduct competitive lease sale and issue leases	Covers lease sale area	Stipulations, mitigation, and conditions established in lease contract.	A Federal agency activity; must comply with 15 CFR part 930 Subpart C
Non-competitive lease	Negotiate noncompetitive lease and issue decision on the Site Assessment Plan or General Activities Plan	Covers identified non-competitive lease area and proposed activities in the Site Assessment Plan or General Activities Plan.	Stipulations, conditions, mitigation, and monitoring established in lease and Site Assessment Plan or General Activities Plan.	Non-Federal activity that requires a Federal license or permit; must comply with 15 CFR part 930, subpart D

NEPA and CZM: Grants

Activity	MMS process	NEPA documentation	Lease or grant conditions	CZMA
Grants				
Competitive ROW and RUE grants	Conduct competitive ROW or RUE grant sale and issue grants.	Covers ROW and RUE grant-specific sale area.	Stipulations and conditions established in grant award	A Federal agency activity; must comply with 15 CFR part 930 Subpart C
Non-competitive ROW and RUE grants.	Negotiate noncompetitive ROW grants or RUE grants and evaluate General Activities Plan.	Covers identified non-competitive grant site and proposed activities in General Activities Plan.	Stipulations, conditions, mitigation, and monitoring established in grant award and General Activities Plan.	Non-Federal activity that requires Federal license or permit; must comply with 15 CFR 930, Subpart D

Inspections

- MMS will conduct scheduled and unscheduled inspections
- Lessee/grantee must develop an annual self inspection plan describing type, extent, and frequency of inspections

Decommissioning

- Decommissioning approval by MMS
- MMS discretion to allow structures to remain in place for alternate uses or “rigs-to-reef”



Alternate Use

- Provides for issuing a Right-of-Use and Easement (RUE) for such activities
- RUE holder will be responsible for decommissioning obligations accruing after issuance of RUE and pertaining to RUE
- Original lessee retains responsibility for decommissioning obligations associated with prior and continuing activities under its lease

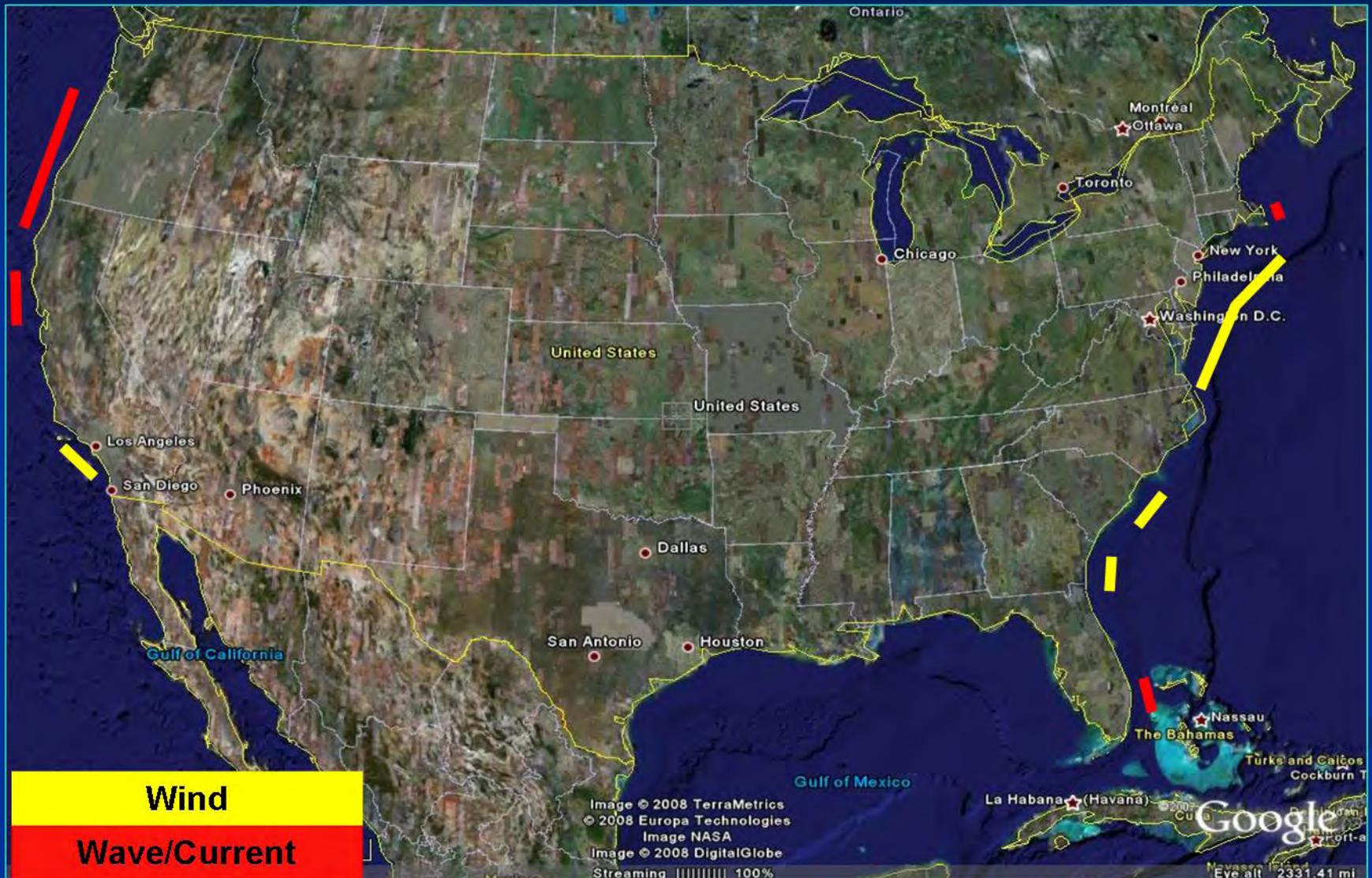
Comment Period & Process

- Proposed rule and draft environmental assessment were open for comment on 7/9 for 60 days
(<http://www.mms.gov/offshore/alternativeenergy/Assets/PDFs/NPRfinalFR07-09-08.pdf>)
 - Comments requested on specific rule provisions such as payment terms, auction format, and financial assurance
 - Comments on rule and EA are being evaluated and available on the <http://www.regulations.gov> website

Interim Policy: Limited Leasing

- “Interim policy” for limited leasing before final regulations
- Covers resource data collection and technology testing activities
- Does not include wind turbine installation
- Will authorize 5-year term
- Will not give priority right for subsequent commercial development
- Anticipate issuing a number of limited leases over the next year
- Received over 45 nominations to date

Interim Policy Nominations



Interim Policy: Decisions

- Selected 16 proposed lease areas (PLAs) for priority process off New Jersey, Delaware, Georgia, Florida, and California
- Requested competing nominations and information related to the PLAs
- Announced decisions on July 23

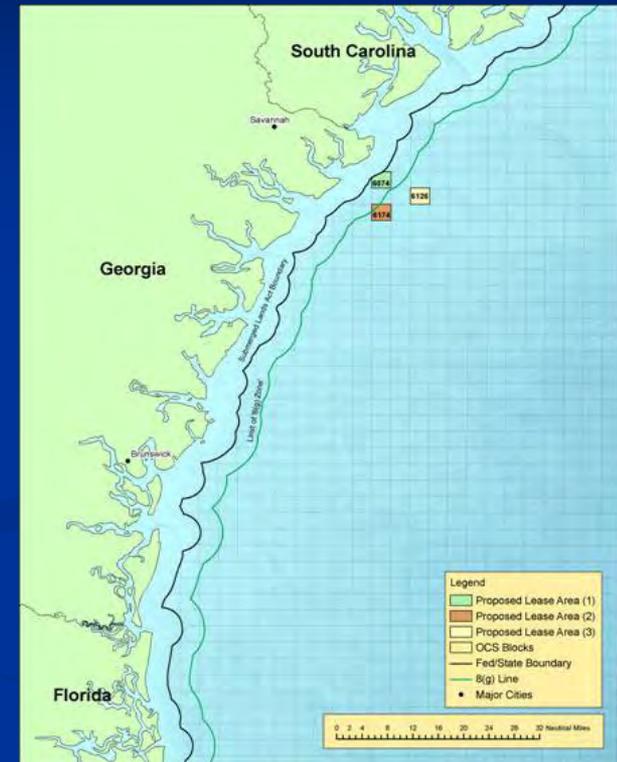
Interim Policy: Proceeding with Noncompetitive Leasing Process



New Jersey



Delaware

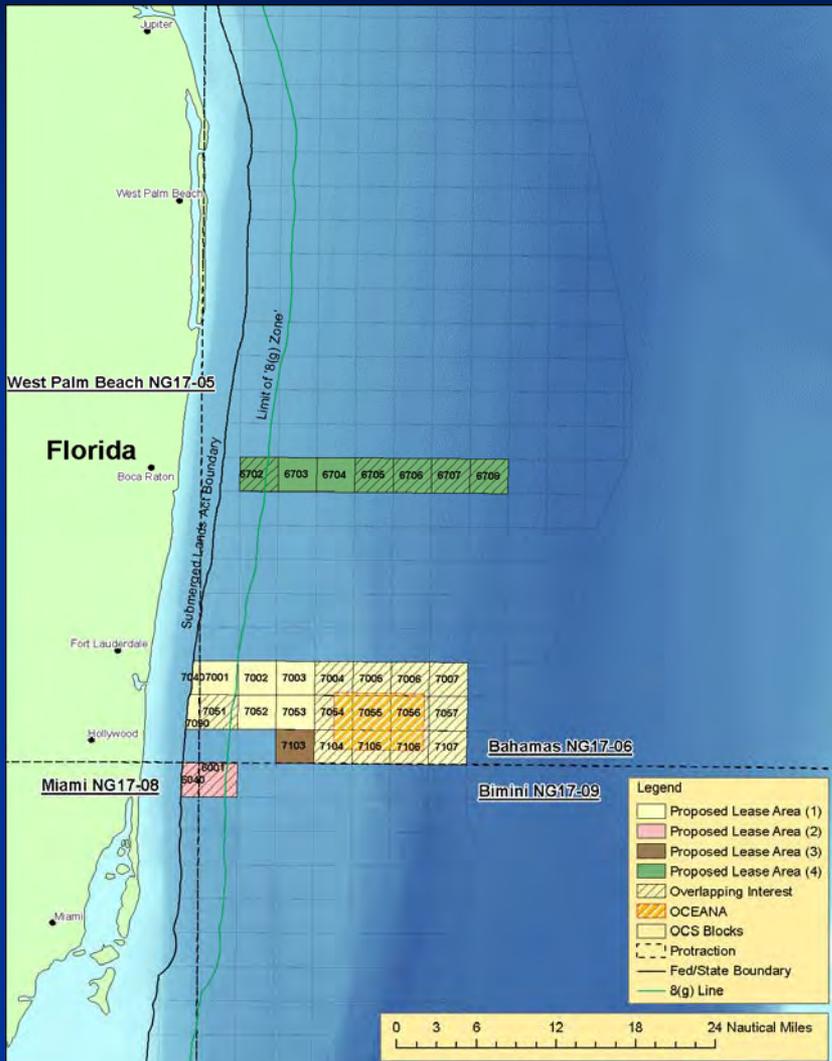


Georgia

Received no new nominations, proceeding with noncompetitive leasing process for all PLAs

Interim Policy: Decisions

- Received new nominations on PLA 1, 3, and 4
- Proceeding with noncompetitive lease process for PLA 2
- Requesting whether companies are interested in collaborating on remaining PLAs (noncompetitive lease)



Florida

Questions?

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[RenewableEnergy/RenewableEnergyMain.htm](http://www.mms.gov/offshore/RenewableEnergy/RenewableEnergyMain.htm)