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BOEMRE Director Discusses Future of Offshore Renewable Energy at Offshore Wind Power Conference

BOSTON – Today, Bureau of Ocean Energy Management, Regulation and Enforcement Director Michael R. Bromwich delivered remarks at the Second Annual Offshore Wind Power North America Conference in Boston, Massachusetts.

Director Bromwich discussed the current status of offshore renewable energy projects, how the reorganization of the former Minerals Management Service will affect future offshore renewable energy projects and the Department of the Interior's renewed emphasis on scientific integrity in decision making.

Director Bromwich's remarks, as prepared for delivery, are below:

Good morning. Thank you very much for inviting me to be here with you today to appear on what promises to be an interesting and informative panel. It is a pleasure to be a part of this year's Offshore Wind Power North America Conference, and it seems especially appropriate to be in Boston, because the home of our nation's first commercial offshore wind lease is just off the Massachusetts coast.

Those of you familiar with the long and tortured history of the Cape Wind project know that it has indeed been a long road. But it is just the first step on the path to an offshore renewable energy future. The hard-working, dedicated and enthusiastic men and women of the Bureau of Ocean Energy Management, Regulation and Enforcement are leading the way on this journey. I welcome this opportunity to share with you some of our accomplishments and update you on where we are headed.

I. Reorganization

It has been just over seven months since I was asked to be the Director of BOEMRE. I came to this agency at a time of great challenge and adversity in the stewardship of our offshore oil and gas resources.

As most of you know, Secretary Salazar laid out plans for the reorganization of the former Minerals Management Service (MMS) in May 2010, which was further detailed just two weeks ago. The goal is to create three strong, independent agencies with clearly defined roles and missions. MMS had conflicting missions of promoting resource development, enforcing safety regulations, and maximizing revenues from offshore operations. The agency's chronic lack of resources played a central role in the agency's inability to fully and effectively meet the challenges of overseeing companies in the offshore industry operating in U.S. waters.

The reorganization of the former MMS is designed to remove those conflicts by clarifying and separating missions across three agencies and providing each of the new agencies with clear missions and additional resources necessary to fulfill those missions. We are designing and implementing these organizational changes in a way that fully takes into account the crucial need for information-sharing and the other links between the functions of the former MMS. This recognition of the necessary links and interdependencies is essential to ensure that the regulatory processes related to offshore leasing, plan approval, and permitting do not slow down to an

unacceptable degree. On October 1 of last year, the revenue collection arm of the former MMS became the Office of Natural Resources Revenue and now is located in a different part of the Interior Department with reporting structure and chain of command completely separate from the offshore regulator.

Over the coming months, the offshore resource management and enforcement programs will be established as separate, independent organizations.

I want to share some details of what those two new independent agencies, the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE), will look like and what their distinct missions will be. This re-organization is more than just moving boxes around on an organization chart – it is about making fundamental, thoughtful changes in the way these agencies operate.

The new Bureau of Ocean Energy Management (BOEM) will be responsible for managing development of the nation's offshore resources. This involves ensuring that the environment is protected and that the nation's offshore energy resources – including renewable energy resources – are developed wisely, economically and in the country's best interests.

Within BOEM, we have elevated our Renewable Energy Program, and it will be led by Maureen Bornholdt, whom many of you know and whom you will hear from later today. The Renewable Energy Program will report directly to BOEM's Deputy Director, with responsibilities to formulate national strategy and develop policies and practices as well as manage offshore renewable energy activities. This new organizational role will enhance our ability to facilitate efficient and environmentally-sound renewable energy development. By making offshore renewable energy an important headquarters function, we can best advance the Department's missions and strategic goals, and be responsive to the needs of your emerging industry. We think in the short run that is the best way to ensure that sufficient focus is given to an ambitious and aggressive nationwide offshore renewables program.

The new Bureau of Safety and Environmental Enforcement (BSEE) will independently and rigorously enforce safety and environmental regulations. This agency's engineers will provide critical input into inspection processes for our wind, wave and ocean current projects, while the Renewable Energy Program is in its incubation phase at headquarters. At this stage, BSEE will not play a significant role in dealing with offshore wind and other renewable projects. Once they are built, up and running, that will obviously change.

II. Scientific Integrity in Decision-Making

One of the guiding principles of our reform agenda for offshore energy development is a renewed commitment to develop thorough, credible and unfiltered scientific data as the basis for sound decision-making.

As you know, renewable energy development has emerged as an exciting and vibrant opportunity to provide valuable energy to the nation. But this opportunity brings with it new challenges for environmental, engineering and structural analyses that are required to evaluate offshore energy projects. While important science has always been conducted within the former MMS, we know that our internal scientific community has not always had a strong enough voice. We are taking steps to change that.

This past September, Secretary Salazar issued a Secretarial Order establishing a Scientific Integrity Policy for the Department. BOEMRE personnel played a leading role in formulating and drafting that policy, and we as a bureau wholeheartedly embrace its principles. This means that our employees, political and career, must never suppress or alter, without new scientific or technological evidence, scientific or technical findings or conclusions – period. In addition, employees will not be asked to alter or censor scientific findings, and they will be protected if they uncover and report scientific misconduct. This is not about finding fault with the past, because the truth is that the agency's scientific work has in been many instances been unfairly maligned, but a strong commitment and prescription for the future.

While the Secretarial Order formalizes this policy, we embraced this concept in the 2009 final regulatory framework for offshore renewables and as a keystone of our program. Under the final

regulatory framework, we use principles of adaptive management to integrate into project oversight and planning results from environmental studies and lessons learned from onsite monitoring.

To ensure the success of our new policy, and to elevate the role of science in our agency, we are for the first time establishing the position of a Chief Environmental Officer for BOEM, the new energy development and management agency that will emerge from the reorganization. This individual will be empowered, at the national level, to make decisions and final recommendations when leasing and environmental program directors cannot reach agreement. The Chief Environmental Officer also will play a major role in setting the scientific agenda for the nation's oceans. And by creating an entirely new environmental compliance function for BSEE, we are providing for the first time regulatory oversight focused on the environment.

We are mindful of the fact that yours is a young industry whose rapid and responsible development will be crucial to the economy, employment, and energy independence. We are striving to ensure an appropriate balance between the imperatives of energy development and awareness of the potential environmental effects of energy development – and to ensure that appropriate measures are taken to protect against those effects. Creating and maintaining a culture of scientific integrity will enable us to make those decisions with greater confidence that we will be able to pursue energy development while having a full, science-based understanding of the risks posed by that activity and what can and should be done to mitigate those risks.

III. Offshore Wind Energy Projects

Any time a reorganization is discussed, in any office or organization, the anxiety level rises. It certainly has for us. I am sure you are wondering where offshore wind energy development ranks now among our priorities as we face so many difficult and important challenges.

As I stated earlier, we have elevated the organizational stature of the Renewable Energy Program. I think one only has to look at our offshore wind activities over the past several months to see that offshore wind energy development, especially off the Atlantic coast, remains a top priority for this bureau, the Department of the Interior, and this Administration.

It was just a few months ago that we signed the first offshore commercial wind lease – relating to an area not too far from where we are right now. We have already issued Requests for Interest – or RFIs – for proposed lease areas for wind energy development off the coasts of Delaware, Maryland and Massachusetts. We're working on initiating commercial leasing offshore New Jersey, Virginia and Rhode Island in the near future and offshore of southern states such as North Carolina later this year.

We have relied on our intergovernmental task forces to make commercial leasing on the Outer Continental Shelf a reality. These task forces bring together the knowledge and perspectives of tribes, local and state governments, and other federal agencies to assist and inform BOEMRE in our renewable energy decision-making. Our approach here is to be aggressive in identifying challenges and solutions, instead of waiting to react to issues after they arise. I believe that the time spent in this upfront dialogue and these partnerships will offer huge benefits in efficiencies and reduced conflict down the road.

We have established federal-state task forces in nine of the thirteen states along the Atlantic coast: Delaware, New Jersey, Maryland, Rhode Island, Maine, Massachusetts, Virginia, North Carolina and New York. Task force members include diverse interests that range from tribal historic preservation officers to fishery biologists to military energy analysts. We have conducted more than 20 task force meetings either face-to-face or by phone to pursue discussions about renewable energy activities throughout the leasing process. BOEMRE has also met with government representatives in Florida and South Carolina to discuss renewable energy issues and the eventual creation of task forces with those states, and is in the process of establishing a Task force at the other end of the country with the state of Oregon. We have learned a great deal from our task forces, which are invaluable and enable us to address distinctive regional features and specific energy needs.

In addition to the task forces, Secretary Salazar and the governors of 11 East Coast states signed a Memorandum of Understanding that formally establishes an Atlantic Governors Offshore Wind

Energy Consortium to promote a coordinated approach to the development of wind resources on the OCS.

And last but not least, as you know, Secretary Salazar launched the “Smart from the Start” wind energy initiative late last year to expedite the responsible development of wind energy projects off the Atlantic coast. This initiative is designed to facilitate and expedite the siting, leasing and construction of new projects – there by spurring responsible development. We are taking this focused approach to developing the nation’s Atlantic wind resources to encourage investment while ensuring projects are built in the right way and in the right places.

The core of this initiative is a strategy to fully harness the economic and energy benefits of winds in the Atlantic through pursuing a smarter permitting process that is efficient, thorough and unburdened by unnecessary red tape. The United States leads the world in installed, land-based wind energy capacity, yet unfortunately has no offshore wind generating capacity to date, despite the fact that offshore Atlantic winds could produce an estimated 1,000 gigawatts of energy. We will change that, and we will do it responsibly and in close coordination with all of you, the Atlantic states, local communities and tribal communities. The “Smart from the Start” initiative will be integrated fully with President Obama’s Executive Order issued last July on coastal and marine spatial planning efforts, which are led by the Council on Environmental Quality.

As part of this initiative, BOEMRE has re-evaluated its approach to meeting our mandate under NEPA at the lease issuance phase. We will prepare environmental assessments, instead of initially preparing an environmental impact statement, in order to analyze the potential environmental impacts associated with providing access to the OCS to renewable energy developers. We are hopeful that this approach could produce significant time-savings. Of course, if the environmental assessment concludes that there are significant impacts, then we will comply with NEPA and prepare an EIS. This initial NEPA document will focus on the site assessment and characterization activities that will follow the issuance of a lease. After a lease has been issued, a subsequent, comprehensive NEPA analysis will occur once the developer proposes a specific project for construction and operation.

BOEMRE uses the principles of coastal and marine spatial planning – and began doing so even before the President’s 2010 mandate. The basis for our dialogue with our federal, state, local and tribal task force partners revolves around identification of existing uses, such as military training, traditional cultural rites, navigation routes, critical biological habitats; and physical oceanographic features, such as shoals, water depths and geohazards. The common language we use to describe these characteristics is geospatial data and mapping. We believe that the results of the assessment efforts by the task forces will play a crucial role in informing the Coastal and Marine Spatial Plans that the National Ocean Council’s Regional Planning Bodies will establish.

In November, we also announced that BOEMRE planned to use the direct final rulemaking process to eliminate an anomaly in our noncompetitive leasing process. The goal was to make that process more efficient. To review that process: when BOEMRE initiates the renewable energy leasing process, the current regulations require us to issue two separate notices to determine whether there is competitive interest in a particular area. One notice is sent out initially. But even if this notice has not attracted any competitive interest, BOEMRE must, under current regulations, send a second notice to reconfirm that lack of competitive interest. That struck us as inefficient and unnecessary, and we sought to remove that second step. Unfortunately, we could not make that immediately effective if we received comments that were “significantly adverse.”

Unfortunately, we did – and as a result we are pursuing a more conventional rulemaking process to implement this important efficiency. We hope to have that published on the federal register within the next 30 days. This rule would establish consistent processes and increase efficiency, reduce confusion, and prevent unnecessary delay.

The rule change is only one step toward making the leasing process more efficient for the emerging offshore renewable energy sector. We will continue to explore and use the flexibility currently contained within the regulatory framework and continue to review the regulatory framework to identify additional opportunities to reduce the total time involved in the leasing and permitting process.

We will continue to seek ways to streamline the process of developing this vital component of our

nation's comprehensive energy policy without cutting any corners on safety and environmental protection. But let me be clear – BOEMRE will always insist on adhering to the most rigorous environmental review standards. We believe that is fully and completely consistent with the rapid development of offshore renewable energy development.

In the coming weeks, I expect that we will be in a position to announce further developments as part of the "Smart from the Start" initiative, which will further demonstrate to the nation that offshore renewable energy remains a top priority. And, as we continue with our aggressive and comprehensive regulatory reforms and reorganization, I assure you that we will remain focused and dedicated to leading the nation toward a renewable energy future.

Thank you for your time and attention and I look forward to your questions.

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