

Renewable developers warn BLM leasing rule may undercut lofty green ambitions

By Esther Whieldon

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Hillary Clinton has promised a huge buildout of new solar panels and wind turbines on federally owned deserts and scrublands, but renewable energy developers are warning that may be impossible under the strategy the Obama administration is developing.

The Interior Department has spent more than two years drafting competitive renewable energy leasing rules, part of a larger [strategy](#) to look across entire landscapes to identify the locations best suited for development before offering access to public lands. But wind and solar developers worry the department's Bureau of Land Management is creating a costly and complex process that will undercut the administration's lofty goals.

While the federal government has leased its land to oil, gas and coal companies for generations, it does not have any standardized process to promote the types of new, carbon-free energy sources that it will need to massively expand their footprint in order to hit U.S. climate targets. President Barack Obama has called for public lands to provide 20,000 megawatts of renewable energy by 2020, Hillary Clinton has promised to build on that goal and states like California are counting on those projects to hit their own renewable energy and emissions targets.

With the leasing rule, BLM officials are trying to answer some difficult questions: How much should the government charge for a ray of sunshine or a gust of wind? How can regulators streamline the leasing process to promote green energy while ensuring local environments are protected? And will they be able to convince developers to cooperate?

The idea is to front-load environmental and cultural reviews to identify areas that have plenty of wind and sunshine where development would not lead to consequences like trampling endangered species habitat or destroying American Indian artifacts. BLM hopes to steer developers toward areas with the fewest conflicts by promising lower rates and speedier reviews under the National Environmental Policy Act and related laws. The Bureau of Ocean Energy Management handles offshore wind leasing with a similar method of identifying locations most suitable to development and holding competitive auctions for selected sections.

Clinton's campaign has endorsed that fundamental approach as part of her call for a ten-fold increase in renewable energy development on public lands and waters within a decade. [Her campaign says](#) the "federal government should be directing developers — whether for renewable energy projects or mineral extraction — to areas with the fewest potential environmental costs, while clearly identifying those special places that should be safeguarded for future generations."

While the industry has welcomed Clinton's pledge, some advocates say she would be better off abandoning the Obama administration's approach.

"The renewables industry would be overjoyed if she adopted such a position, but it would require unraveling some of the constraints that are proposed on federal lands, particularly to the landscape-scale planning approach of the current administration," said Andrew Bell, a partner at Marten Law who has represented the solar industry in the competitive renewable leasing rulemaking.

A final leasing rule from BLM could come as soon as this month, but related efforts have developers worried the administration is putting too much acreage off limits.

When BLM and Fish and Wildlife Service set out to divvy up 10 million acres of federally owned desert landscape in California, their proposed implementation of the broader Desert Renewable Energy Conservation Plan that was created in coordination with California officials found just 388,000 acres suitable for development. The Riverside County Board of Supervisors this month [warned](#) Interior Secretary Sally Jewell that the agencies' requirements would "chill, if not thwart altogether, additional renewable energy development on federally managed lands" in the county.

"In terms of wind energy in California, I would have to say that the DRECP would be a devastating blow to achieving Clinton's tenfold goal," said Nancy Rader, executive director of the California Wind Energy Association.

BLM's proposed competitive leasing rule also builds on its creation of solar energy zones in a half dozen Western states in 2012 and subsequent efforts to hold competitive bidding processes for locations in Colorado and Nevada.

To attract bidders, BLM must pick a spot developers would want, including with access to nearby transmission lines — a lesson the agency learned when its first competitive auction for a solar energy zone in Colorado gleaned no bids.

BLM's second auction for portions of Dry Lake Valley in Nevada, which was near a high-voltage transmission system, yielded bids totaling \$5.8 million for six parcels covering more than 3,000 acres. BLM approved three solar projects with a combined 440 megawatt capacity in the Dry Lake zone.

Construction began in June on one of those projects, First Solar's 100 megawatt Switch Station, which was named after the data center the project powers. The project is slated to come online in November 2017, said Steve Krum, First Solar spokesman.

BLM expects to create zones for wind development under the new process in hopes of drawing more industry interest than in the past.

But the wind sector remains skeptical. Wind developers used public lands for only about 1.4 percent of projects, preferring private land deals that are cheaper and quicker than going through the BLM, said Tom Vinson, AWEA senior vice president of federal regulatory affairs. BLM's competitive leasing rule is "going to make them that much less attractive for the wind industry to pursue," he said.

Compared to the fossil industry, renewable public land rents are significantly higher. Renewable developers pay anywhere from \$17.74 to \$6,000 per acre, according to Mike Nedd, BLM assistant director of energy minerals and realty management, who testified at a July 14 hearing of a House Natural Resources subcommittee. Coal leases pay \$3 per acre plus an 8 percent or 12.5 percent royalty on production, depending on whether the facility is underground, and oil and gas leases pay a \$1.50 rental fee for the first five years and \$2 after that plus a 12.5 percent royalty fee, Nedd said.

The lease prices for renewables vary so widely because they are based on the estimated market value of the county where a project is located, so they can be significantly higher in counties with affluent neighborhoods. It's unclear how BLM will resolve this problem. According to sources, the White House Office of Management and Budget was still debating that issue as recently as last month.

BLM first proposed the rule in 2014, saying it would help meet Obama's goal of increasing renewables on public lands.

Since Obama came into office, BLM has approved close to 17,000 MW of renewable projects on its lands, John Kalish, chief of BLM's Office of Renewable Energy Coordination, said at a July 12 Environmental and Energy Study Institute renewable and efficiency forum on the hill. As of September 2015, when BLM's list was last updated, 14 projects with a total capacity of 2,230 MW had come online, according to [its website](#). Four solar projects were abandoned, but the rest remain under development.

The White House's most recent regulatory agenda says a final rule should come in July, although it is not unusual for those targets to slip. Administration officials met in June with several industry and environmental groups on the proposed rule, including from the Solar Energy Industries Association, the American Wind Energy Association, the Wilderness Society, Defenders of Wildlife and the Natural Resources Defense Council, according to Office of Management and Budget records. OMB typically meets with such groups as regulators make final tweaks before finalizing regulations.

BLM's proposed rule would essentially end the first-come-first-served leasing process for wind and solar project developers and instead allow it to auction off any parcel of public land to the highest bidder. The agency suggested basing lease payments on local real estate values and estimates of how much wind, solar or geothermal power could be generated at a particular site.

BLM would give special incentives to developers that opt to use "designated leasing areas" where the agency has already performed some preliminary NEPA studies. It would offer further discounts to developers who have signed power purchase agreements, transmission contracts or financing deals to build in those areas.

"Our concern is getting the renewable energy on the ground and operating in the places with the least conflict," said Lisa Belenky, a senior attorney at the Center for Biological Diversity, an environmental group that has fought wind or solar projects that would interfere with protected species like the desert tortoise. Right now, "companies just decide where they want to put things

... and so then there's this whole back and forth about trying to make something that's in the wrong place better."

But Bell said the industry is not convinced it would save any time under the new rule. While BLM was able to prepare environmental assessments for the Dry Lake solar zone projects in less than six months, the federal NEPA process that led up to the designation of the Western solar zones and auctions included four years of environmental reviews and 18 months of regional planning.

Under BLM's proposed rule, "we're going to have to start from the beginning with new competitive leasing areas and it's going to take a while," Bell said.

Furthermore, the wind and solar industries worry that BLM is forcing developers to jump through too many hoops and that its costly requirements may prompt developers to continue using private lands. Sources tracking the rule say the big question right now is how much BLM should charge for those leases given that many of the targeted areas are in the desert in Western states with no quantifiable real estate or other resource value.

"We've been consistently told by our member companies that rents are too high on public lands and they really exceed what developers pay for private land," said SEIA Interim President Tom Kimbis. "BLM's policy is more costly, [and] it kicks in earlier in a project's life than comparable policies on private land. ... We don't want to see policies that essentially drive developers to private land as their only option."

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