

**STATEMENT OF
J. STEVEN GRILES
DEPUTY SECRETARY
DEPARTMENT OF THE INTERIOR
BEFORE THE COMMITTEE ON RESOURCES
UNITED STATES HOUSE OF REPRESENTATIVES
ON
POTENTIAL ALTERNATIVE ENERGY RESOURCES AVAILABLE
ON NATIONAL PUBLIC LANDS**

October 3, 2001

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before you today to discuss the potential for production of alternative energy on public lands. This is a timely subject and one in which both the President and Secretary Norton have expressed great interest and support. Given the current state of the Nation's energy supplies, we must devote more time and effort to fostering the development of alternative energy sources. The Secretary has stated in testimony that strategies to augment the Nation's energy supplies lie at the heart of any national energy policy. The President's National Energy Policy echoes this sentiment. It states:

Renewable energy can help provide for our future needs by harnessing abundant, naturally occurring sources of energy, such as the sun, the wind, geothermal heat, and biomass. Effectively harnessing these renewable resources requires careful planning and advanced technology. Through improved technology, we can ensure that America will lead the world in the development of clean, natural, renewable and alternative energy supplies.

Although the current contribution of renewable and alternative energy sources is low, these sources are critical to our Nation's energy security. Their potential is made all the more attractive because of their ability to be harnessed with minimal adverse environmental impacts.

The Department of the Interior is the largest manager of the energy resources on lands owned by the Federal government. The Department is responsible for approximately 700 million acres of Federal land and 1.76 billion acres of subsurface estate on the Outer Continental Shelf. The Secretary also has trust responsibility for 56 million acres of Tribal and individual Indian lands.

Conventional energy resource production, primarily oil, gas and coal, on Federal lands provides about 30% of U.S. energy production. Although current production of alternative energy resources is much smaller, it is still significant.

For example, geothermal facilities using Federally-leased resources produce about 7.5 billion kilowatt hours per year. While providing only a fraction of our overall energy production, this constitutes about 47% of electricity generated from geothermal energy in the U.S. We recognize the potential to increase geothermal energy use as well as other alternative energy resource production on Federal lands.

Currently, wind energy is being generated in BLM's California Desert District. There are about 2,960 turbines on public lands in California producing enough electricity for about 300,000 people. Recent actions by the State of California could result in new proposals for wind energy development.

The President understands the importance of diversifying U.S. energy production by increasing the production of alternative energy resources. He has stated that this will help to reduce oil imports while at the same time reducing emissions from fossil fuel use.

The President's National Energy Policy clearly recognizes this potential. As the National Energy Policy report shows, most of the areas in the U.S. that have geothermal resources are in the western states where most of the public lands are located. The Southwest has the greatest potential for solar energy production. These states also have substantial areas of public land in which solar energy facilities could be located. The potential for use of wind to generate electricity is more widespread, but there are Federal lands in many of the most favorable areas.

The National Energy Policy has two recommendations that directly address the production of alternative energy from public lands:

- The NEPD Group recommended that the President direct the Secretaries of Interior and Energy to reevaluate access limitations to Federal lands in order to increase renewable energy production, such as biomass, wind geothermal and solar.
- The NEPD Group recommended that the President direct the Secretary of the Interior to determine ways to reduce the delays in geothermal lease processing as part of the permitting review process.

The White House Interagency Task Force on Energy Project Streamlining, created earlier this year by Presidential Executive Order and chaired by the Council on Environmental Quality, is charged with finding ways to harmonize and expedite the review and permitting of projects that will increase the production, transmission and conservation of energy while maintaining safety, public health and environmental protection. Renewable energy is a key component of that task force effort.

As a means of implementing the recommendations of the Interagency Task Force, the BLM is forming an interagency task group with the Forest Service and the Department of Energy. This group will evaluate the potential for wind and solar energy production on Federal lands by identifying siting opportunities and transmission needs. It will assess the limitations affecting development on public lands, including the effect on wildlife habitat and the environment. When this work has been completed we will be able to report in much more detail on the extent of additional alternative energy production that might occur on public lands.

The BLM review will also identify opportunities to incorporate incentives into the permitting process. One type of incentive to be considered is the reduction of site rental fees. We will seek fee levels that provide a fair return for the use of public lands while not hindering efforts to increase energy production. The BLM plans to incorporate the group's findings into its guidance documents by the end of 2002.

In response to the second recommendation, the BLM has initiated a review to identify the causes of backlogs in the processing of geothermal leases and to develop action plans to eliminate the backlogs. BLM's goal is to eliminate the backlogs by September 2003. In addition, the BLM is examining information on the history of geothermal development to identify restrictions and impediments to development on public lands. The BLM is also developing new procedures that will reduce the time required to approve geothermal leases. H.R. 4, the Securing America's Energy Future Act of 2001, as passed by the House, includes provisions to encourage geothermal energy development by providing royalty incentives. The Administration supports the principle that the American people get a fair return on the development of energy resources from public lands while still creating incentives for the development of these resources. The Secretary already has discretionary authority to modify royalty rates if she determines it is in the best interest of the nation to do so.

Military lands also have great potential to add to our development of energy resources on Federal lands, both with respect to conventional energy resources as well as alternative and renewable resources. I have contacted the Department of Defense in order to begin to assess the energy resource of these lands. Many of the factors related to energy development, such as royalty rates, drilling procedures, and reclamation requirements are ones with which the Department of the Interior has a wealth of experience

on public lands, and can serve as a model for military lands as well. Obviously, siting issues must take into consideration the national security needs of the nation as determined by the Department of Defense.

I also want to point out that while alternative energy sources are renewable and generally non-emitting, development of them does not come without any environmental impacts to the Federal lands. Alternative energy resource development may require road building, facility and other infrastructure construction, habitat modification and landscape alteration that may be similar to what is required for conventional resource development. The legitimate environmental concerns and processes that impact exploration and production of oil and gas may also impact the development of geothermal resources, which need to be drilled and piped. The same habitat concerns for plants and wildlife that accompany the installation of drilling rigs or power lines, may accompany the installation of windmills or solar panels and must be taken into account as we proceed with increased energy development on public lands.

Secretary Norton recognizes the importance of working with energy companies and other stakeholders to promote development of alternative energy on public lands. Toward this end, and in an effort to provide all interested parties an opportunity to share their views and ideas, the Departments of the Interior and Energy will sponsor a renewable energy summit that will bring together Federal, State and local officials, as well as industry leaders, interested citizens and other stakeholders, to focus on ways to maximize wind, solar and geothermal energy production on public lands by analyzing access limitations and other impediments. The purpose of the summit will be to generate discussion, gather ideas and make recommendations concerning ways to increase alternative and renewable energy resource production on Federal lands, focusing specifically on access issues and developing ways to streamline the application process in order to ensure consistency and promote predictability. Since Secretary Norton's announcement of this summit, several Federal agencies have requested an opportunity to participate. As a result, a Federal team has been formed which includes representatives from the Department of Energy, USDA Forest Service, the President's Council on Environmental Quality, the Federal Energy Regulatory Commission, the Tennessee Valley Authority and Department of the Interior agencies including the Bureau of Land Management, National Park Service, Bureau of Reclamation and U.S. Geological Survey.

In closing, I want to emphasize the Department's commitment to the development of renewable and alternative energy sources. I must point out, however, that increased development of these resources alone will not solve our energy problems. Non-hydropower renewable energy accounts for about four percent of current U.S. energy production, divided evenly between electricity generation and transportation fuels such as ethanol. While we must make every effort to increase the contribution these energy sources make to the Nation's energy needs, we must also acknowledge that we continue to need increased production of conventional energy fuels such as oil and gas. We need both.

Thank you, Mr. Chairman, that concludes my prepared testimony. I would be glad to respond to any questions you or the members of the committee may have.