



NEWS RELEASE

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**U.S. Department of the Interior
Minerals Management Service
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MMS moving forward with Alternative Energy Leases on the Outer Continental Shelf

WASHINGTON, D.C. -- The Minerals Management Service (MMS) announced today that it is proceeding with the consultation and analyses necessary to move toward the issuance of limited leases under its interim policy for authorizing alternative energy data collection and technology testing activities on the Outer Continental Shelf (OCS).

“This is another important step in the advancement in the OCS Alternative Energy Program,” said MMS Director Randall Luthi. “I am excited about our progress and am looking forward to working with the states and communities to move forward with these proposed activities.”

MMS announced its interim policy in November 2007 to jumpstart basic information gathering efforts relating to development of OCS alternative energy resources such as wind, waves, and ocean currents as authorized by the Energy Policy Act of 2005 (EPAct). The limited leases envisioned under the interim policy will be for a term of five years and will not convey any right or priority for commercial development.

Following the initial announcement, MMS received more than 40 nominations of areas proposed for limited leasing off the west and east coasts. In April MMS identified a subset of 16 proposed lease areas for priority consideration and provided public notice of those areas for the purpose of determining competitive interest as required by EPAct and for receiving relevant environmental or other information. The comment period on the April notice closed on June 30. A brief description of the information received and MMS’s decisions concerning the 16 proposed lease areas follows.

New Jersey, Delaware, and Georgia—the 10 lease areas (six off NJ, one off DE, and three off GA) proposed for site assessment activities relating to wind resources drew no competing nominations and no significant comment. MMS will proceed with a noncompetitive leasing process for these sites.

Florida—three of the four lease areas off the southeast coast proposed for site assessment or technology testing activities relating to ocean current resources received competing nominations, and comments concerning the areas were favorable. MMS will proceed with a noncompetitive leasing process for the one site that did not receive competing nominations. Due to timing

constraints inherent in the interim policy, as well as bureau budget and staffing considerations, MMS has decided not to proceed with a competitive auction for the other areas. Instead, the competing nominators have been asked to collaborate in order to enable interested parties to jointly benefit in information gathering under leases issued noncompetitively.

California—neither of the two areas off Northern California (Humboldt and Mendocino Counties) proposed for site assessment and technology testing relating to wave resources drew new competing nominations. However, based on two original overlapping nominations in the Humboldt area from the initial Call for Nominations in Nov. 2007, MMS has determined that there is competitive interest in that proposed lease area. MMS also received numerous comments from local stakeholders concerned about potential use conflicts and environmental issues in both areas. For the Mendocino area, MMS has decided to proceed with a noncompetitive leasing process, working with the applicant and local stakeholders to refine the area and scope of proposed activities and to address other local concerns. For the Humboldt area, MMS has decided not to hold a competitive auction and to ask the competing nominators to collaborate. If they agree to collaborate, MMS will proceed with a noncompetitive leasing process as in the Mendocino area.

The process for issuing limited leases under the interim policy will entail thorough environmental analysis under the National Environmental Policy Act and related laws, as well as close consultation with federal, state, and local government agencies as required by EPA Act.

The limited leases that will be issued under the interim policy will enable the lessees to collect information that will be useful for potential commercial projects in the future under an MMS regulatory program that is in development.

MMS published a proposed OCS alternative energy rulemaking on July 9, 2008. When final, this rule will govern all future commercial OCS alternative energy activities and will apply to any future commercial development in the areas leased under the interim policy. Limited leaseholders wishing to conduct commercial activities will need separate authorization under the final rule that is adopted.

The MMS interim policy is ongoing pending the adoption of a final rule governing OCS alternative energy activity. Interested parties may continue to submit nominations, and MMS may act on other nominations that already have been received or are received in the future.

The specific companies involved with the proposed projects are listed below:

Delaware:

Bluewater Wind Delaware LLC (wind resources data collection)

New Jersey:

Bluewater Wind New Jersey Energy LLC (3 OCS blocks for wind resources data collection)

Fisherman's Energy of New Jersey (wind resources data collection) Winergy Power LLC (2 OCS blocks for wind resources data collection)

Georgia:

Southern Company (3 OCS blocks for wind resources data collection)

Florida:

Aquantis LLC/Aquantis Development Co. Inc. (ocean current data collection and technology testing)

California:

Pacific Gas & Electric Co. (wave resources data collection, offshore Mendocino)

There is one proposed lease area off California and three off Florida where there is overlapping interest. For those areas we are investigating whether the companies are interested in collaborating on resource data collection activities. Those companies are:

California:

Pacific Gas and Electric Co. and Marine Sciences (wave resources data collection offshore Humboldt)

Florida:

Proposed lease area 1: Oceana Energy Co and Vision Energy LLC (ocean current resource data collection) Proposed lease area 2: Marine Sciences and Vision Energy LLC (ocean current resource data collection) Proposed lease area 4: Florida Power & Light Co and Vision Energy LLC (ocean current resource data collection)

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