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## Minerals Management Service and the Energy Policy Act of 2005

Since its creation in 1982, the Minerals Management Service (MMS) has managed offshore oil and gas exploration in the 1.76 billion acres of the Outer Continental Shelf (OCS). With passage of the Energy Policy Act of 2005, MMS received the added responsibility of regulating **alternative** energy sources in offshore areas as well. The public interest in alternative energy is evident in the fact that within months of the Acts' passage, MMS has 2 projects under review, Cape Wind Associates and Long Island Power Authority. Cape Wind is a proposed wind park that would consist of 130 energy-producing wind turbines in Nantucket Sound, Massachusetts, with a total maximum output of 420 megawatts. The proposed facility on Long Island would entail installation of 40 turbines 3 to 4 miles off the South Shore of Long Island, New York, to produce 140 megawatts of electricity for Long Island communities.

### **\$6.5 Million - Alternative Energy**


Small, but significant and growing, alternative energy currently makes up 9 percent of the energy resources that are used in the U.S. With the increased activity that is sure to come about in the near future, that 9 percent figure could quickly grow.

The new program for management of alternative energy exploration in the OCS is called the Renewable Energy and Alternative Use program. Through this program, MMS will intensively work with many organizations on aspects of the program such as:

- Development of appropriate regulations and compliance to ensure environmental protection.
- Appropriate locations for alternative energy facilities
- Environmental monitoring and conservation of natural resources
- Granting of permits
- Appropriate leasing procedures
- Review of alternative energy proposals
- Appropriate payments for use of the OCS and revenue sharing with states.
- Safety



To best meet these added responsibilities, MMS has requested funds for environmental studies in its FY 2007 budget request. These studies, to be conducted in all U.S. coastal areas where there is interest in alternative energy projects, will help develop the information needed for making sound decisions.



In order to begin the process of developing the alternative energy program, MMS placed a request for comments from the public in the December 30, 2005, issue of the Federal Register, with comments requested in the specific areas of:

- Access to OCS lands and resources
- Environmental information, management and compliance
- Operational activities
- Payments and revenues
- Coordination and consultation

The comment period ends on February 28, 2006.

### ***Additional Key Components of the Energy Policy Act of 2005 for MMS***

#### ***\$250 million - Coastal Impact Assistance***

A key feature of the Energy Policy Act of 2005 includes funds to six states and local coastal jurisdictions with OCS productions off their coasts for coastal conservation, protection, restoration, and mitigation projects and coastal conservation planning. Funds are allocated among the states based on revenues generated from OCS leases with 200 miles of each state. Thirty-five percent of each state's funds are further distributed to counties, parishes, or boroughs based on population, coastline and distance from applicable OCS leases.

States must submit coastal impact assistance plans for approval before payments will be made. Annual payments of \$250 million will be made from FY 2007 through 2010. MMS will design and implement the extensive software programs that will be required to ensure accurate disbursement of the funds, review and approve state plans, and oversee project monitoring.

#### ***\$1 million – Gas (Methane) Hydrates Research***

The Energy Policy Act calls for MMS to participate in an interagency research study of gas hydrates, in cooperation with the Department of Energy, the U.S. Geological Survey, and the Bureau of Land Management. Gas hydrates are a form of energy found in ice crystals beneath deep ocean waters. Methane trapped in the ice crystals shows great promise as a new form of energy. It is estimated that the quantity of natural gas in sedimentary gas hydrates greatly exceeds the volume of conventional natural gas resources. The Act includes royalty incentives for encouraging hydrate development.

#### ***\$750,000 – Automated Royalty Credit System***

With the new alternative energy regulatory responsibilities come requirements for major refinements to MMS's royalty management systems. These funds will cover some of the cost of developing and implementing those refinements.

For more information on MMS, contact the Office of Public Affairs at (202) 208-3985 or visit [www.mms.gov](http://www.mms.gov).

