RENEWABLE ENERGY

BLM Has Limited Assurance That Wind and Solar Projects Are Adequately Bonded

Why GAO Did This Study
Renewable energy projects can affect thousands of acres of federal land and involve significant infrastructure. BLM directs renewable energy developers to obtain bonds to cover the costs of returning the land to its pre-developed condition when the project terminates, a process called reclamation. Reclamation can cost millions and take years to complete.

GAO was asked to review the bonding policies for renewable energy projects on federal land. This report examines (1) BLM’s policies for the bonding of wind and solar projects on federal land; (2) the amount and types of bonds held by BLM for the reclamation of these projects, and how BLM tracks the bonds; and (3) the extent to which BLM ensures that bonds for wind and solar rights-of-way are adequate to cover reclamation costs.

What GAO Found
The Department of the Interior’s Bureau of Land Management (BLM) has different policies for the bonding of wind and solar projects on federal land. For example, BLM’s 2008 wind policy established minimum bond amounts, but BLM’s 2010 solar policy set no minimum. However, the agency has issued a proposed rule that would establish consistent requirements for the bonding of the two types of projects in several areas, including minimum bond amounts.

BLM has about $100 million in bonds for the reclamation of wind and solar projects on federal land. These bonds are primarily letters of credit and surety bonds. BLM has two data systems for tracking bonds, but GAO found that neither system is reliable for this purpose. Specifically, GAO found instances in both systems where information was missing or inaccurate, or had not been updated. The agency does not have a timeliness standard for wind and solar data entry, contrary to having such a standard for its mining program. Without accurate or complete information, BLM has limited assurance that its data systems are reliable for tracking wind and solar bonds to ensure that bonding policies are being followed and that projects have the required bonds.

BLM has limited assurance that bonds for wind and solar rights-of-way will cover reclamation costs, leaving the federal government potentially at financial risk if developers do not complete reclamation. GAO found about one-third of the wind and solar rights-of-way were underbonded by as much as $15 million in total. Also, BLM did not clearly document how it made its bond decisions, contrary to government standards that call for documentation of significant events.

Examples of Wind and Solar Projects

View GAO-15-520. For more information, contact Anne-Marie Fennell at (202) 512-3841 or fennella@gao.gov.