

GAO Highlights

Highlights of [GAO-15-520](#), a report to the Chairman, Committee on Natural Resources, House of Representatives

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. GAO conducted a file review of all 45 wind and solar development project rights-of-way with a bond as of April 15, 2014; analyzed data from BLM data systems; reviewed relevant federal laws, regulations, and BLM policies and procedures; and interviewed agency officials.

What GAO Recommends

GAO recommends, among other things, that BLM develop policies on documenting bonding decisions, the proper handling and storage of bonds, and timely data entry. GAO also recommends that BLM take steps to ensure projects are periodically reviewed to ensure bond adequacy. Interior generally concurred with GAO's recommendations.

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

June 2015

RENEWABLE ENERGY

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

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. Specifically, GAO found that for about two-thirds of the wind rights-of-way, there was little or no documentation to support the bond amount. In addition, BLM does not adequately ensure that wind and solar bond instruments are properly secured, handled, and stored and does not have policies related to this. In one BLM field office, a staff member told GAO that someone mistakenly shredded several bonds. BLM also does not consistently adhere to its policies calling for periodic review of wind and solar bond amounts to verify their adequacy. GAO found about half of the bonds were at least 4 months overdue for review. BLM officials acknowledged that automatic notifications could be established in their data system as to when reviews are due. Without policies to document decisions and properly secure bonds, and steps to ensure bond adequacy reviews, BLM has limited assurance that bonds in place will be adequate to cover reclamation.

Examples of Wind and Solar Projects



Source: National Renewable Energy Laboratory. | GAO-15-520