



Testimony
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and Investigations, Committee on
Natural Resources, House of
Representatives

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RENEWABLE ENERGY

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

Statement of Anne-Marie Fennell, Director, Natural
Resources and Environment

Chairman Gohmert, Ranking Member Dingell, and Members of the Subcommittee:

I am pleased to be here today to discuss our June 2015 report on the Bureau of Land Management's (BLM) policies and practices for bonding renewable energy development on federal land, which was released June 23, 2015.¹ The Department of the Interior's (Interior) BLM manages more federal land than any other agency—more than 245 million surface acres—and this land is increasingly being tapped to meet the nation's growing demand for energy. BLM plays a key role in managing energy produced on these lands, including energy from renewable resources. Through the Energy Policy Act of 2005, Congress encouraged the Secretary of the Interior to approve non-hydropower renewable energy projects, including wind and solar projects, with a total capacity to generate at least 10,000 megawatts of electricity on federal lands by 2015. In June 2013, the President proposed an expansion in renewable energy construction projects and set a new goal for Interior to approve a renewable energy capacity of at least 20,000 megawatts of electricity from projects on federal land, which would be enough capacity to power more than 6 million homes by 2020. Currently, about 1 percent of the nation's electricity generated from wind and solar energy comes from resources on federal land.

Projects to produce energy from renewable resources can affect thousands of acres of federal land and involve significant infrastructure. The projects may require developers to alter the land's topography or remove vegetation, physically or through the use of herbicides, and these actions may affect the site itself or have potential downstream or off-site effects. As a condition of BLM's authorization for renewable energy projects, the developer must agree to remove infrastructure elements and return the land to its predeveloped condition when the project terminates, a process called reclamation. To ensure compliance with applicable requirements, including requirements to reclaim project sites, BLM requires operators of wind and solar energy projects on federal lands to obtain bonds. If an operator fails to return the land to its predeveloped state, the bond can be used to cover any reclamation costs the federal government may incur. If the bonds are inadequate to cover reclamation

¹GAO, *Renewable Energy: BLM Has Limited Assurance That Wind and Solar Projects Are Adequately Bonded*, [GAO-15-520](#) (Washington, D.C.: June 5, 2015).

costs and the federal government is unable to recover additional costs from the developer, the federal government may have to pay the reclamation costs.

Wind and solar projects on BLM land are subject to federal laws and regulations, as well as BLM policy. The Federal Land Policy and Management Act of 1976 authorizes BLM to issue rights-of-way on federal land for a variety of purposes, including systems for generating, transmitting, and distributing electric energy.² Right-of-way holders are required to restore, revegetate, and stabilize the land disturbed by wind and solar projects within a reasonable time, to a condition satisfactory to BLM, as approved by BLM in its Plan of Development.³ For projects that may have a significant impact on the environment, the act requires applicants to submit a plan of construction, operation, and rehabilitation for the right-of-way that complies with applicable laws and regulations and the agency's stipulations. Federal regulations authorize BLM to require a right-of-way holder to provide a bond to secure the obligations imposed by the right-of-way. According to BLM policy, a bond is required for each wind and solar facility on federal land. BLM may require an increase or decrease in the value of an existing bond at any time during the term of the right-of-way, according to federal regulations.⁴

BLM manages and oversees wind and solar projects in part by maintaining data on each project electronically in two data systems—the Legacy Rehost 2000 System (LR2000) and the Bond and Surety System. LR2000 is BLM's electronic case recordation system that is used to capture information on the agency's land and mineral projects. In the case of wind and solar projects, BLM captures information such as the date the right-of-way was issued, acres authorized, project location, case status (e.g., authorized, expired, or closed), and the actions that have taken place. The system also contains bond information for wind and

²A right-of-way is an authorization to a qualified individual, business, or government entity to use a specific area of federal land for a specific amount of time for a certain purpose and with specific terms, conditions, and stipulations that, among other things, are intended to protect the environment, federal property and economic interests, and the public interest. Wind and solar projects can be composed of multiple rights-of-way.

³A Plan of Development is a detailed construction, operation, rehabilitation, and environmental protection plan.

⁴43 C.F.R. § 2805.12(g) (2014).

solar projects, including bond numbers, amounts, and bond actions, such as the date when a bond was filed, accepted, or returned. For wind projects, LR2000 contains the number of authorized turbines and towers. The Bond and Surety System contains bond information, such as the type and amount of bond, as well as actions taken, including the date when a bond was filed, accepted, or returned.⁵ BLM staff enter data about wind and solar projects into LR2000, as well as information about bonds into the Bond and Surety System.

My testimony today highlights the key findings of our June 2015 report on BLM's policies and practices for bonding renewable energy development on federal land.⁶ Accordingly, this testimony discusses (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 wind and solar projects, and how BLM tracks these bonds; and (3) the extent to which BLM ensures that bonds for wind and solar rights-of-way are adequate to cover reclamation costs.

To address these objectives, we reviewed the agency's policies regarding bonding, the reclamation activities that the bonds are to cover, and the frequency with which bonds are to be reviewed. We also reviewed BLM's Notice of Proposed Rulemaking—issued in September 2014—that would revise and codify the agency's current bonding policies for wind and solar projects. In addition, we obtained wind and solar project data, as of April 15, 2014, from BLM's LR2000 and its Bond and Surety System. We worked with BLM officials to resolve data discrepancies between the two systems and then analyzed the data to identify the bond amounts and types for each right-of-way. To determine how BLM tracks these bonds and understand how LR2000 and the Bond and Surety System are used, the frequency of updates, and the reliability of the data in each system, we interviewed officials in BLM headquarters and all 9 BLM state and 11 field offices with wind or solar energy development projects.

⁵A bond is considered filed when BLM receives the bond instrument from the right-of-way holder. A bond is considered accepted once BLM reviews the bond, determines that it has been executed properly, and notifies the right-of-way holder of the bond's acceptance. A bond is considered returned when BLM returns the bond to the right-of-way holder after the holder has successfully completed reclamation, at which time a bond is no longer necessary.

⁶[GAO-15-520](#).

To determine the extent to which BLM ensures that bonds for wind and solar rights-of-way are adequate to cover reclamation costs, we conducted an in-depth file review of all wind and solar energy development projects—45 in total—for which BLM held a bond on April 15, 2014, and interviewed BLM officials and other stakeholders. We compared the bond held with what is specified in BLM’s wind and solar policies, as well as reclamation cost estimates in the project files, and we then determined the extent to which documentation of the bond decision is consistent with government standards for internal control.⁷ We also interviewed BLM officials to determine compliance with existing BLM policies, the depth and detail of reclamation cost estimates, the extent of documentation supporting bond amounts, and the types of staff involved in determining bond amounts. In addition, we analyzed whether BLM was conducting reviews to ensure that bonds are in place, as is called for in BLM policies. Our June 2015 report includes a detailed explanation of the methods used to conduct our work. The work on which this testimony is based was performed in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁷GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

BLM Has Different Policies for Bonding Wind and Solar Projects, but a Proposed Rule Would Establish Consistent Requirements

As detailed in our report, in 2008, BLM issued a wind energy development policy that includes provisions for bonding wind energy projects on federal land.⁸ Among other things, the policy established a minimum bond amount of \$2,000 per meteorological tower for site-specific and project area testing rights-of-way and \$10,000 per wind turbine for wind energy development rights-of-way.⁹ BLM is to determine the bond amount for all wind energy development projects during the right-of-way authorization process “on the basis of site-specific and project-specific factors,” but the policy provides no further details on these factors or how to calculate the costs. BLM is to review all bonds for wind development rights-of-way at least once every 5 years to ensure that the bond amount is adequate.¹⁰

In 2010, BLM issued a solar energy development policy that includes provisions for bonding solar energy projects on federal land that differ from the bonding provisions of the wind policy.¹¹ Specifically, in contrast to the wind policy, the solar policy sets no minimum bond amount for solar energy development rights-of-way.¹² Rather, the policy states that BLM is to base the bond amount on a reclamation cost estimate provided by the right-of-way applicant that consists of three components: (1) environmental liabilities; (2) decommissioning, removal, and disposal of improvements and facilities; and (3) reclamation, revegetation, restoration, and soil stabilization. A reclamation cost estimate is an

⁸See Bureau of Land Management, IM 2009-043, *Wind Energy Development Policy* (Dec. 19, 2008).

⁹A wind site-specific testing right-of-way is an authorization to develop individual meteorological towers and instrumentation facilities with a term that is limited to 3 years. A wind project area right-of-way is an authorization to develop a larger site testing and monitoring area, with a term of 3 years that may be renewed. Both wind site-specific testing and wind project area testing rights-of-way are used to determine whether a site’s wind energy resources meet the potential for energy development. A wind energy development right-of-way is an authorization to develop wind energy facilities generally for a term of 30 years that may be renewed. Facilities include wind turbines, as well as onsite access roads, electrical and distribution facilities, and other support.

¹⁰A bond adequacy review is a review to determine whether the bond amount is sufficient to cover the cost of reclamation.

¹¹IM 2011-003, *Solar Energy Development Policy* (Oct. 7, 2010).

¹²A solar energy development right-of-way is an authorization to develop solar energy facilities for a term not to exceed 30 years that may be renewed.

estimate of what it would cost a third party to reclaim the site.¹³ The policy states that the applicant is to submit the estimate as part of the decommissioning and site reclamation plan—which defines the reclamation, revegetation, restoration, and soil stabilization requirements for the project area—and the overall Plan of Development. In addition, in contrast to the wind policy, BLM staff are to review annually all bonds for solar development rights-of-way to ensure that the bond amount is adequate to ensure compliance with the right-of-way authorization, including requirements to reclaim the disturbed land.

To help ensure compliance with provisions of the wind and solar bonding policies, BLM has two additional policies that direct BLM state directors to certify annually that all wind and solar energy rights-of-way within their respective states have the required bonds and that the bond data are entered into the Bond and Surety System.¹⁴ This certification does not assess whether the amount of the bond would be sufficient to cover expected reclamation costs. Rather, the annual certification is intended to ensure that a bond has been provided or requested for each wind and solar right-of-way. The certification is to be submitted to BLM headquarters within 30 days after the end of the fiscal year. In addition, field office staff are to enter all bonds received for renewable energy projects into LR2000 and the Bonds and Surety System.¹⁵

In September 2014, BLM issued a Notice of Proposed Rulemaking related to wind and solar development on federal lands and requested public comment.¹⁶ The proposed rule would revise and codify existing policies and establish consistent requirements for the bonding of solar and wind energy projects. Requirements would differ based on whether

¹³BLM's policy for mining operations on public lands, which is a reference tool for BLM's solar energy development policy, states that a bond must be sufficient to allow BLM to contract with a third party to reclaim the operations.

¹⁴See Bureau of Land Management, IM 2011-096, *Certification of Bonding—Wind Energy Site Testing and Wind Energy Development Authorizations* (Apr. 7, 2011), and IM 2013-034, *Oversight and Implementation Plan—Renewable Energy Coordination Office* (Dec. 20, 2012).

¹⁵IM 2013-034, Attachment 1, *Oversight and Implementation Plan, Solar and Wind Energy Policies*.

¹⁶Competitive Processes, Terms, and Conditions for Leasing Public Lands for Solar and Wind Energy Development and Technical Changes and Corrections, 79 Fed. Reg. 59,022 (Sept. 30, 2014) (to be codified at 43 C.F.R. pts. 2800 and 2880).

projects were located in certain preferred areas—called designated leasing areas.

- **Projects outside designated leasing areas.** The proposed rule would establish a minimum bond amount per turbine of \$20,000 for wind energy development projects—a doubling of the minimum amount currently set in BLM policy—and establish a minimum bond amount of \$10,000 per acre for solar energy development projects. The minimum bond amount for wind energy site-specific or project area testing projects would remain at the amount currently set in BLM policy, that is, \$2,000 per meteorological tower. The proposed rule would require both wind and solar right-of-way applicants to submit a reclamation cost estimate to help BLM to determine the bond amount, and it would outline specific bond components that must be addressed when determining the estimated costs. The proposed rule would not require BLM to conduct periodic reviews to assess whether the bonds remain adequate to cover potential reclamation costs, as is specified in the current wind and solar policies.
- **Projects inside designated leasing areas.** The proposed rule would establish a standard bond amount for wind energy development of \$20,000 per turbine and \$2,000 per meteorological tower, as well as a standard bond amount for solar energy development of \$10,000 per acre. BLM proposed a standard bond amount because these areas would be identified by BLM as areas with lesser and fewer environmental and cultural resource conflicts. According to BLM officials, when a project terminates inside a designated leasing area, the agency would potentially reoffer the site for new wind or solar energy development. As a result, these sites would require less reclamation than if they needed to be fully reclaimed to their predeveloped condition and the bond amount required would be lower. Under the proposed rule, right-of-way holders would not be required to submit a reclamation cost estimate.

A BLM official told us that the agency expects the proposed rule to be finalized by the end of 2015. Once finalized, the official said BLM plans to rescind the current wind and solar policies and replace them with policies that would address, among other things, the bonding process and adequacy reviews not covered in the proposed rule.

BLM Has About \$100 Million in Bonds for Wind and Solar Projects, but the Systems for Tracking These Bonds Are Not Reliable

We found that BLM has about \$100 million in bonds—primarily in the form of letters of credit and surety bonds—to cover reclamation costs associated with 12 solar rights-of-way and 108 wind rights-of-way on federal land in nine western states, according to our analysis of BLM data. See table 1 for further detail on the values of bond held and table 2 for further detail on the types of bonds held.

Table 1: Value of Bonds Held by the Bureau of Land Management for Wind and Solar Projects, by Project Type and Amount, as of April 15, 2014

Project type	Amount	Percentage
Solar development	\$82,615,899	82.2
Wind development	\$17,106,164	17.0
Wind project area testing	\$720,216	0.7
Wind site-specific testing	\$36,000	<0.1
Total	\$100,478,279	99.9

Source: GAO analysis of Bureau of Land Management bonding data. | GAO-15-520

Note: Percentage does not equal 100 because of rounding.

Table 2: Types of Bonds Held by the Bureau of Land Management for Wind and Solar Projects as of April 15, 2014

Bond type	Amount	Percentage
Letter of credit	\$49,177,596	48.9
Surety	\$39,361,443	39.2
Personal, including cash	\$10,839,677	10.8
Treasury security	\$900,000	0.9
Guaranteed remittance	\$139,963	0.1
Undetermined ^a	\$47,600	<0.1
Time deposit	\$12,000	<0.1
Total	\$100,478,279	99.9

Source: GAO analysis of Bureau of Land Management bonding data. | GAO-15-520

Notes: Percentage does not equal 100 because of rounding.

^a“Undetermined” means that BLM could not provide the bond type.

BLM tracks bonds through LR2000 and the Bond and Surety System, but we found that neither system was reliable for this purpose. Specifically, we found multiple instances in each system where information was missing, inaccurate, or had not been updated as follows:

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- **Missing information.** BLM's oversight and implementation plan for solar and wind energy policies directs field offices to enter all bonds received for renewable energy projects into LR2000 and the Bond and Surety System,¹⁷ but we found instances where bonds had been entered into LR2000, but not into the Bond and Surety System. We also found instances where staff did not always enter in the remarks section of LR2000 the number of wind turbines or meteorological towers authorized and located on federal land, as directed by BLM's wind policy.
 - **Inaccurate information.** We found instances in LR2000 and the Bond and Surety System where the type of right-of-way entered for the project was incorrect. For example, one wind development project's right-of-way had been incorrectly entered in both systems as a road right-of-way.¹⁸ As a result, the bond had not been included in the annual state bond certification. When BLM reviewed the bond, the agency determined that the bond amount was approximately \$90,000 less than the minimum set by BLM's wind policy.
 - **Information had not been updated.** We found instances where a bond's status or amount had not been updated in one or both systems. In some cases, the data were several years out of date. For example, in one case, LR2000 showed that a bond had been accepted for \$40,000 in 1994, and an additional bond for the same right-of-way had been accepted for \$160,000 in 2011, for a total bond amount of \$200,000. However, BLM had not updated the Bond and Surety System to show that the \$160,000 bond had been accepted, and the system contained no information on the \$40,000 bond.

The LR2000 data standards for BLM's mining program state that all data must be routinely entered within 5 business days of each action taking place.¹⁹ However, there is no such standard for entering wind and solar project data into LR2000.²⁰ Furthermore, BLM has not issued data

¹⁷IM 2013-034, Attachment 1, *Oversight and Implementation Plan; Solar and Wind Energy Policies*.

¹⁸A road right-of-way is an authorization to construct a road on a segment of BLM land.

¹⁹Bureau of Land Management, *H-3809-1, Surface Management* (Sept. 17, 2012).

²⁰Bureau of Land Management, *LR2000 Case Recordation Data Standards for the Lands and Realty Program* (revised Apr. 10, 2013).

standards for the Bond and Surety System. Because information in these two data systems was missing, inaccurate, or out of date, BLM has limited assurance that either system is reliable for tracking wind and solar bonds to ensure that bonding policies are being followed and that all projects have the required bonds.

BLM has taken some limited steps to improve its bonding data. Specifically, to reduce potential errors or omissions in the bonding data in LR2000 and the Bond and Surety System, BLM made changes to link certain data in the two systems. Starting in late September 2014, when an action code showing that a bond has been filed, accepted, or returned is entered into the Bond and Surety System for a particular right-of-way, the same information is automatically entered into LR2000. However, when a bond action code is entered into LR2000, the same information must still be entered manually into the Bond and Surety System. In addition, these changes only apply to data entered into the Bond and Surety System starting in September 2014, so all previously entered data will not be added to LR2000 unless manually entered.

BLM Has Limited Assurance That Bonds for Wind and Solar Rights-of-Way Will Cover Reclamation Costs

BLM has limited assurance that bonds for wind and solar rights-of-way will cover reclamation costs. Specifically, we found that 14 wind and solar development rights-of-way were underbonded by as much as \$15 million in total. In addition, we found wide variation in how BLM staff documented bond decisions for wind and solar project rights-of-way. Further, BLM does not adequately ensure that wind and solar bond instruments are properly secured, handled, and stored. BLM also inconsistently adheres to its policies for the periodic review of the amounts of wind and solar bonds to verify their adequacy.

Underbonding of wind and solar development projects. We found that 14 out of 45 wind and solar development rights-of-way were underbonded by as much as \$15 million in total—approximately \$5.5 million for wind rights-of-way and as much as \$9 million for solar rights-of-way—according to our review of BLM project files and data.²¹ Specifically, we identified 10 wind rights-of-way where the bond amount was lower than the \$10,000-per-turbine minimum established in BLM’s 2008 wind policy. These 10 rights-of-way were underbonded by a total of

²¹We reviewed all BLM wind and solar energy development projects—45 in total—for which BLM held a bond as of April 15, 2014.

approximately \$5.5 million. Nine of those rights-of-way were authorized prior to the 2008 policy; however, for rights-of-way that were authorized before the policy took effect, BLM officials told us they directed staff to obtain bonds that meet the \$10,000-per-turbine minimum. BLM officials told us that they are in the process of obtaining bonds for these 9 rights-of-way. One right-of-way was reauthorized in 2012 at about \$1,500 per turbine.²² BLM's files show that the bond amount for the right-of-way was determined using salvage values of the equipment. While salvage values may be considered in estimating reclamation costs, BLM officials told us the 2008 policy does not permit salvage values to be used to reduce the bond below the \$10,000-per-turbine minimum.²³ BLM officials told us they are currently developing a reclamation cost estimate for this right-of-way, which will help them develop a revised bond.

We also found four solar rights-of-way that may be underbonded by as much as \$9 million. These rights-of-way were part of a single solar project with a total estimated reclamation cost of approximately \$27.5 million.²⁴ This figure includes \$18.5 million for decommissioning and removal of project structures and equipment and \$9 million for revegetation and restoration. However, the project is currently bonded at \$18.5 million, an amount that may only cover the decommissioning and removal of structures. BLM officials explained that because the project is in California—where recycling of materials is required—the \$9 million estimated for revegetation and restoration would be covered by the salvage value of project structures. While the salvage value presented in the documents we reviewed may be sufficient to cover those costs, the project's documentation did not indicate that BLM officials included these costs when setting the total bond amount.

Unclear documentation of bond decisions. We found wide variation in how BLM staff documented bond decisions for wind and solar project rights-of-way. Specifically, for 21 of the 33 wind rights-of-way we

²²This right-of-way was underbonded by approximately \$3.9 million.

²³BLM officials told us that they had originally sought to bond this project above the minimum, at \$25,000 per turbine based on the size of the turbines, but the right-of-way holder appealed the bond determination to the Interior Board of Land Appeals. The Interior Board of Land Appeals is an appellate review body for the Department of the Interior. According to BLM officials, the board decided to remand the decision to BLM.

²⁴This project consists of four rights-of-way, each with their own bond.

reviewed, there was little or no documentation to support the bond amount. For some of these rights-of-way, there was no documentation because BLM staff defaulted to the minimum amount set by BLM's wind policy without conducting any site- or project-specific analysis. For the remaining 12 wind rights-of-way, the project files contained documentation that BLM officials used to support their bond decisions; however, this documentation varied widely. For example, for 1 right-of-way, the holder developed a reclamation cost estimate,²⁵ but the estimate did not reflect the current state of the project and the estimated costs were greater than the bond that BLM required. And for 6 rights-of-way, the documentation outlined the cost of decommissioning and removal of structures, but it did not include cost estimates for revegetation of the project site. We also found that BLM inconsistently documented bonding decisions for 2 solar rights-of-way. Specifically, for 1 right-of-way, the holder did not develop a reclamation cost estimate, as directed by BLM's 2010 solar policy. As a result, it was not clear from the project files what BLM considered in determining the amount of the bond that was in place. In another case, BLM allowed the right-of-way holder to provide the bond in phases as the project was constructed, but there was no documentation demonstrating how each phase's reclamation costs were estimated, or what the payment schedule and amounts of future bonds would be.

We also found discrepancies between information in the project files and what was recorded in LR2000 or the Bond and Surety System in 13 of the 45 wind and solar rights-of-way. For example, for 1 wind right-of-way, the files indicated the applicant's initial plan to build 24 turbines, but LR2000 showed the project had 20 turbines. A BLM official told us that since the right-of-way's original authorization in the 1980s, the type and number of turbines had changed over time. However, there was no documentation of these changes in the files, and the BLM official told us that, as a result of our inquiry, he had to go and physically inspect the right-of-way to confirm the type and number of turbines. Federal standards for internal control call for transactions and other significant events to be clearly documented and that the documentation should be readily available for examination.²⁶ BLM has not issued policies that direct BLM staff to

²⁵BLM's wind policy does not direct applicants to develop a reclamation cost estimate for a wind project right-of-way. However, according to BLM officials, BLM may direct an individual applicant to develop a reclamation cost estimate or may develop one itself.

²⁶[GAO/AIMD-00-21.3.1](#).

document information related to bond decisions in the project files. According to BLM officials, they will develop these policies once the proposed rule is finalized.

Inadequate handling and storing of bonds. BLM also does not adequately ensure that wind and solar bond instruments are properly secured, handled, and stored. BLM staff in two field offices told us bonds were stored in the files for the rights-of-way, rather than in a locked cabinet or safe. In one of these offices, a staff member told us that about 20 percent of the bond instruments were stored in the project files, and the remaining bond instruments were stored in a safe. However, in that office, that staff member told us that someone had mistakenly shredded the bond instruments kept in the safe because the individual did not know what they were. According to BLM's manual regarding records administration,²⁷ offices should ensure that appropriate internal controls and safeguards are in place to prevent the loss of official documentation. BLM has general guidance on records retention and storage, and at least one office within BLM's Energy, Minerals, and Realty Management Directorate has detailed guidance on the acceptance, assessment, and storage of bond instruments.²⁸ However, the National Renewable Energy Coordination Office, which oversees wind and solar energy projects, does not have policies or guidance related to the proper handling and storage of bond instruments. As a result, BLM cannot assure that all bonds are properly maintained and secured, leaving the federal government potentially at risk financially if reclamation costs are not covered by the right-of-way holders.

Inconsistent adherence to periodic review policies. BLM inconsistently adheres to its policies for the periodic review of wind and solar bonds to verify their adequacy. BLM's wind and solar policies direct officials to review the adequacy of wind bonds every 5 years and solar bonds every year. Of the 45 wind and solar rights-of-way we reviewed, 23 had bonds that were at least 4 months overdue for an adequacy review. Some BLM officials responsible for these reviews told us that they were not aware that bonds were supposed to be reviewed. Others told us they

²⁷Bureau of Land Management, *BLM Manual, MS-1270: Records Administration* (October 1992).

²⁸Bureau of Land Management, *Fluid Minerals Bond Processing User Guide* (December 1996).

were aware that bonds were to be reviewed but had not completed the reviews due to workload and staffing constraints. BLM officials told us that LR2000 contains information such as the authorization date that can be used to determine when a right-of-way is due for review. However, LR2000 does not automatically notify BLM officials that a right-of-way is due for its periodic review. Several BLM officials told us that it would be possible to set up an action code in LR2000 to provide such automatic notification. If reviews of bond amounts are not conducted in a timely manner, BLM officials cannot be sure that bonds in place are adequate to cover reclamation costs.

BLM does not have detailed policies to ensure that all bonds are properly maintained and secured and bond decisions accurately documented in project files. In addition, BLM has no standard for the timely entering of data of wind and solar project data into LR2000 and no data standards for the Bond and Surety System. As a result, BLM may not have accurate and complete information with which to track wind and solar bonds, and BLM has limited assurance that the bonds in place will be adequate to cover reclamation costs if the right-of-way holder does not meet its obligations. As a result of these findings and to help ensure that bonds are adequate to cover reclamation costs for wind and solar projects on federal land, we made five recommendations to the Secretary of the Interior in our June 2015 report. Specifically, we recommended that the Secretary direct the Director of the Bureau of Land Management to

- develop detailed policies for processing wind and solar bonds to ensure bonds are properly secured, handled, and stored;
- develop policies that detail how information related to bonding decisions should be documented in project files;
- develop a policy that all data for wind and solar energy projects be entered in LR2000 and the Bond and Surety System within 10 business days;
- establish data standards for the Bond and Surety System; and
- develop an LR2000 action code to automatically notify BLM staff that a right-of-way is due for a bond adequacy review.

In its comments on a draft report, the agency concurred with each of these recommendations.

Chairman Gohmert, Ranking Member Dingell, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to answer any questions that you may have at this time.

GAO Contact and Staff Acknowledgments

If you or your staff members have any questions about this testimony, please contact me at (202) 512-3841 or fennella@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Other individuals who made key contributions to this testimony include Elizabeth Erdmann (Assistant Director), Morgan Jones, Jessica Lewis, Susan Malone, and Jarrod West. Cheryl Arvidson, Antoinette Capaccio, Kirsten B. Lauber, and Dan Royer also made important contributions.

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