Renewables (2/9)

Governance

Federal Governance

USEITI provides detailed information on how the federal government regulates onshore and offshore renewable energy projects.

For offshore renewables, regulation is primarily handled by:

- The Bureau of Ocean Energy Management (BOEM): The Energy Policy Act of 2005 established the Outer Continental Shelf Renewable Energy Program and created guidelines that inform BOEM's regulations for offshore wind, wave, and ocean current energy.
- The Bureau of Safety and Environmental Enforcement (BSEE): BSEE regulates the renewable energy industry throughout the development and decommissioning phases of projects. BSEE's primary charge is to conduct inspections and enforce lease, safety, and environmental conditions of offshore wind projects. In addition, BSEE also issues decommissioning permits and licenses.
- The Office of Natural Resources Revenue (ONRR): ONRR manages the federal monetary transactions associated with renewable energy for offshore projects. This includes collecting bonuses during the lease phase, rents during the exploration and development phases, and acquisition and operating fees.

For onshore renewable energy projects, regulation is primarily handled by:

- The Bureau of Land Management (BLM): Title V of the Federal Land Policy and Management Act of 1976 provides the BLM with the authority to issue rights of way for developing solar and wind on federal lands. The BLM oversees all phases of the process from planning to decommissioning, and even handles collection of rents and fees.

- The Federal Energy Regulatory Commission (FERC), an independent agency, regulates all activity related to the interstate transmission of electricity. It also handles the licensing of all hydroelectric projects (both onshore and offshore).

State Governance

State and local governments also maintain their own governing bodies to oversee renewable energy generation. For example:

- California's Energy Commission: Following the deregulation of electric utilities in 1998, the California Energy Commission was placed in charge of the new Renewable Energy Program. The Commission works to increase total renewable electricity generation across the state, and does so by providing market-based incentives for utility scale facilities. It also provides consumer rebates for installing wind and solar energy systems.

- Colorado's Public Utilities Commission: Colorado passed the first voter-led Renewable Energy Standard in the nation, which requires electricity providers to obtain a minimum percentage of their power from renewable sources. The Public Utilities Commission validates that the resources used are in fact greenhouse gas neutral, and more generally works to ensure the availability of safe, reliable, and efficient electric, gas, steam, and water services to utility customers.

- Washington's Utilities and Transportation Commission: The Utilities and Transportation Commission oversees renewable energy programs offered by regulated utilities. In the state of Washington, this includes energy produced from solar, wind, geothermal or other "green sources." Green power programs in Washington include the Alternative Energy Option, which requires electric utilities to offer their customers a voluntary option to buy green power.

Tribal Governance

The Bureau of Indian Affairs (BIA) reviews and approves solar, wind, and biomass renewable energy projects on Indian lands. Though the BIA informs the Bureau of Land Management and the Office of Natural Resources Revenue of any development, no additional review or approval is required. The Office of Special Trustee for American Indians (OST) oversees and distributes revenues from leases and right-of-way agreements.

The Office of Indian Energy and Economic Development's Division of Energy and Mineral Development provides a broad overview of renewable energy development on Indian lands. For information, the USEITI also maintains sections on the tribal governance of energy production.

Renewables (3/9)

Production

All Lands Production[1]

In 2015, renewable sources generated a total of 567,348 GWh of energy, out of a total capacity of 194,055 MW. Generally speaking, electricity generation from renewables has climbed steadily, increasing 47% over the last decade. Overall renewable generation increased 2% in 2015, driven by a 36% increase in solar energy production. In addition, renewable electricity generation as a percentage of total electricity generation has also increased steadily from 9.5% in 2006 to 13.8% in 2015.

USEITI also publishes production levels for geothermal, solar, wind, hydropower, and other biomass:

HYDROELECTRIC

265,829,331 megawatt hours of hydroelectric energy were produced in **2016**.

OTHER BIOMASS

22,068,430 megawatt hours of other biomass energy were produced in **2016**.

WIND

226,484,819 megawatt hours of wind energy were produced in **2016**.

GEOTHERMAL

15,562,426 megawatt hours of geothermal energy were produced in **2012**.

SOLAR

36,754,200 megawatt hours of solar energy were produced in **2016**.

Renewables (4/9)

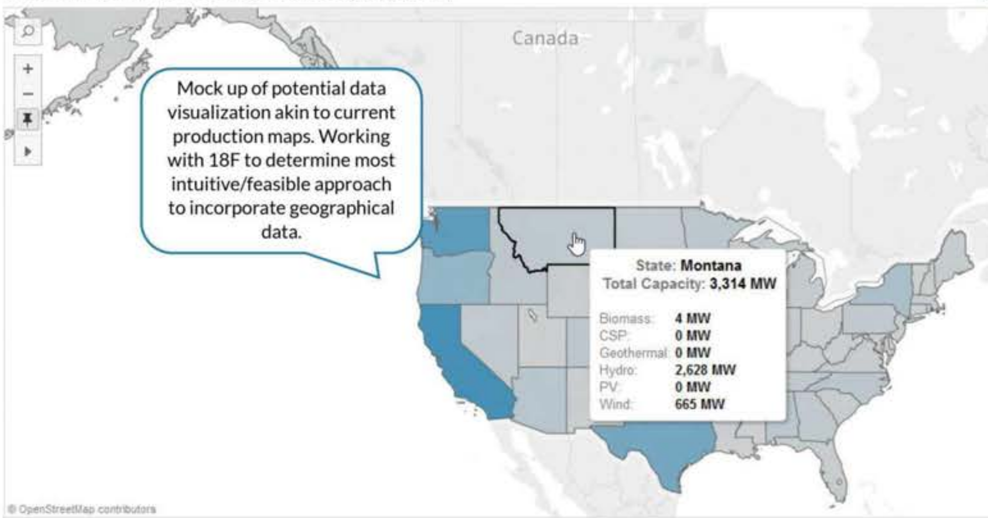
Production (Continued)

Installed Capacity[2]

In 2015, California led the nation in installed renewable electricity capacity, with nearly 31GW, followed by Washington (25GW) and Texas (19GW). California led the country in solar, biomass, and geothermal capacity, while Texas led in wind and Washington in hydropower. Oklahoma had the highest growth rate in capacity additions at 30%, followed by North Carolina, Utah, and Kansas all at 27%.

The map below provides renewable energy capacity by state using data from the Department of Energy's 2015 Renewable Energy Data Book:

Cumulative Renewable Electricity Installed Capacity (2015)



Revenue

Federal Revenue[1]

Companies pay a range of fees, rates, and taxes on renewable energy production in the United States. On federal lands, non-tax revenue is collected and reported by the Office of Natural Resources Revenue (ONRR). The federal government collects different kinds of fees at each phase, and the chart below shows how much federal revenue ONRR collected in 2016 for renewable energy production. Data, however, is only available for revenue from geothermal and offshore wind energy.

Federal revenue by phase (2016) | Revenue details by phase

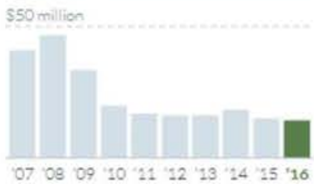
Commodity	1. Securing rights	2. Before production	3. During production	Other revenue
GEOTHERMAL				
Geothermal $13,356,892	$19,141	$1,427,938	$11,586,026	$323,788
OFFSHORE RENEWABLE ENERGY				
Wind $5,192,111	$1,886,955	$3,305,155	$0	$1

Renewables (5/9)

Revenue (Continued)

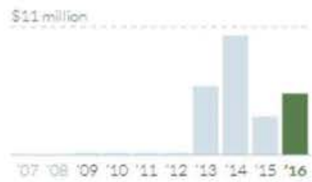
Federal Revenue (Continued)

GEOTHERMAL



Companies paid **$13,356,892** to produce geothermal on federal land in **2016**.

WIND



Companies paid **$5,192,111** to produce wind on federal land in **2016**.

After collecting revenue, ONRR distributes that money to different agencies, funds, and local governments for public use. This process is called "disbursement," and most federal revenue disbursements go into national funds, such as the Land and Water Conservation Fund and the Reclamation Fund. A more detailed breakdown of disbursements is available here. ONRR, however, also disburses some revenue from natural resource extraction back to local governments. In 2016, ONRR disbursed $3,229,359 of revenue collected from geothermal energy back to counties in California, Idaho, Nevada, New Mexico, Oregon, Utah, and Washington.

Tax Expenditures

Tax expenditure programs are policy instruments that reduce federal revenue through changes to the tax code (e.g. tax credits, exemptions, preferential tax rates, deferrals of tax liability) in order to further other policy goals—such as growth in clean energy.

Federal tax credits for the renewable energy industry have been particularly impactful and prevalent, and include:

- Renewable Electricity Production Tax Credit (PTC)[1]: PTC applies to electricity generated by qualified energy resources for 10 taxable years. For 2016, the tax credit was $0.023/kWh for wind, close-loop biomass, geothermal, and solar and $0.012/kWh for open-loop biomass, land fill gas, solid waste, and hydroelectric.[2] The tax credit was recently phased down for wind, and expired for all other technologies commencing construction after December 31, 2016.
- Residential Renewable Energy Tax Credit[3]: This tax credit allows individuals to claim 30% of qualified expenditures for residences owned and used. Qualified expenditures include labor, assembly, installation, and piping/wiring costs. The Consolidated Appropriations Act extended the expiration date of this tax credit for solar technologies, however, the credit for all other technologies expired at the end of 2016.
- Business Energy Investment Tax Credit (ITC)[4]: ITC allows for owners of qualified renewable technologies to receive tax credits worth 30% of the value of the facility. The Consolidated Appropriations Act extended the expiration date for solar and other PTC qualified technologies. Project owners, however, must choose between this one time Investment Tax Credit and the 10-year Production Tax Credit.

States also have their own tax incentives that mirror that of the federal government, for example:

- New Mexico's Renewable Energy Production Tax Credit (REPTC)[5]: For wind and biomass, the credit is $0.01/kWh for the first 400,000 MWh for 10 years. For solar, the credit ranges from $0.015/kWh to $0.04 /kWh depending on the taxable year. A study conducted by the New Mexico Energy, Minerals, and Natural Resources Department found that from 2003 to 2012, the value of the claimed REPTC credit amounted to $61.6 million. The study also found that REPTC facilities added an estimated $597 million in economic value and $400 million in avoided emissions to the state economy. Other New Mexico clean energy tax incentives include the Solar Market Development Tax Credit, Agricultural Biomass Tax Credit, and Geothermal Heat Pump Tax Credit.

Renewables (6/9)

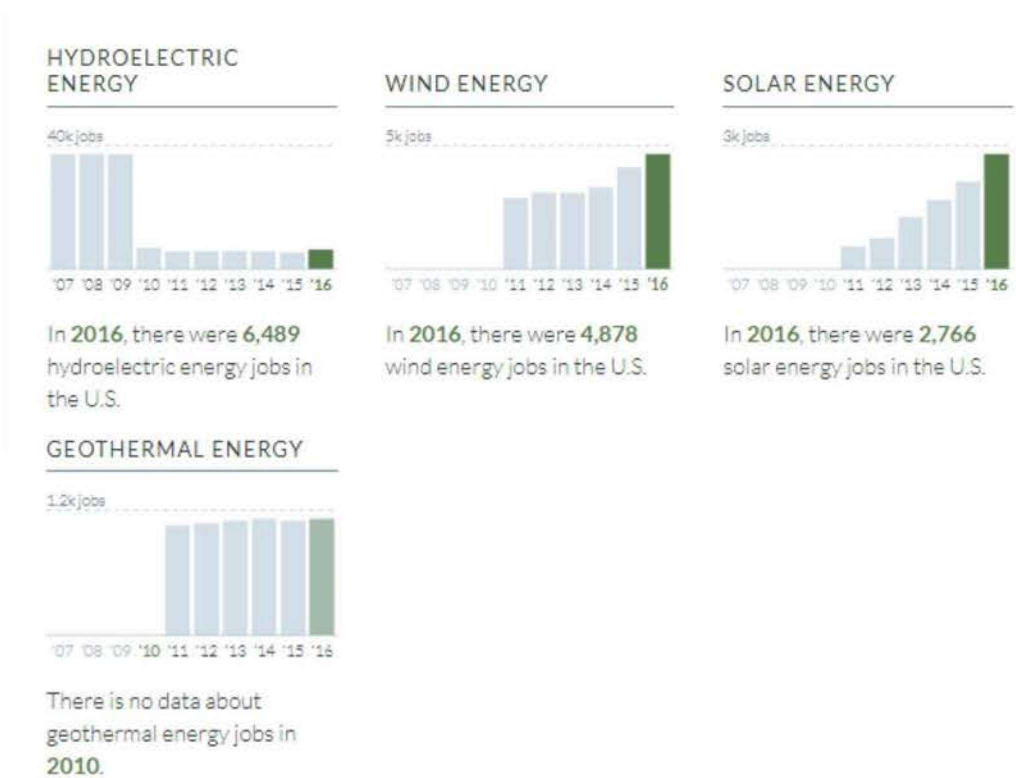
Economic Impact

Renewable Energy not only generates revenues for the government, but also contributes to GDP, creates jobs, and generates exports which draw in money from abroad.

Employment

Typically, employment data for the extractive industries is based on BLS labor market data, however, data on renewable energy remains limited as NAICS codes do not yet exist for all parts of the industry. For example, the BLS reports that utilities employ just under 2,800 workers for solar generation, however, a study conduced by the DOE found over 370,000 people engaged in some portion of the solar business.[1] Since no other NAICS codes exist for the solar sector specifically, existing labor market data underestimates the total amount of workers employed in solar related work.

BLS estimates:



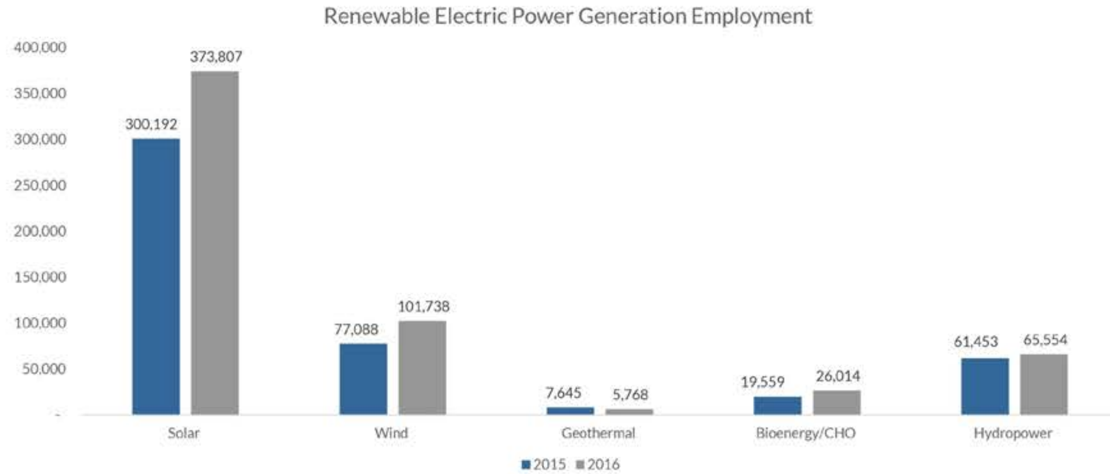
Given the constraints mentioned above, there have been efforts to enhance existing data sets. The DOE's 2017 U.S. Energy and Employment Report (USEER) used supplemental surveys to help disaggregate existing data and gain additional insights into the renewables industry. Using this methodology the USEER found that renewable electric power generation accounted for a total of 572,881 jobs in 2016, a 22% increase over 2015. The rise in employment in solar, wind, bioenergy, and hydropower all reflect the shift toward renewable energy production and growth in capacity.

(continued)

Renewables (7/9)

Economic Impact (Continued)

Employment (Continued)



GDP

Currently, the Bureau of Economic Analysis does not publish data specific to the renewable energy industry. Other indicators of the industry's affect on the U.S. economy include the amount of new investment and revenue generated by renewables. New investment in clean energy in the United States grew by 10% in 2015 to $45 billion.[1] And according to the Census Bureau, renewable energy brought in a total of $9.8 billion in revenue in 2012, up from $6.6 billion in 2007.[2] In 2012, $4.9 billion came from wind, $2.4 billion from hydropower, $995.4 million from geothermal, $934.6 million from biomass, and $472.4 million from solar.

Exports[1]

In 2016, the Department of Commerce conducted a market assessment of renewable energy for U.S. exporters. The study found that the world will add over 250 GW of renewable energy capacity through 2017, and to meet this demand the global import market will reach $195 billion.

The U.S. captured nearly 13% of the import market in the Western Hemisphere last year, however, the study found that exporters in the U.S. are poorly positioned to capitalize on the growth in installed capacity around the world. U.S. exporters are projected to capture only 5.6% of the import market due to low levels of export potential among certain renewable subsectors. For example, European-owned manufacturers dominate the hydropower sector, leaving little room for U.S. based companies. And while the U.S. is highly regarded for its geothermal expertise in development, engineering, and exploration, Japanese firms dominate manufacturing.

Costs

In addition to generating revenue and economic activity, energy generation can bring costs to local communities. The USEITI Multi-Stakeholder group prioritized four types of fiscal costs: transportation, emergency services, water, and reclamation.

Transportation[1]: Currently, data around the costs of transportation and the renewable energy industry is rather limited. However, one large constraint that currently exists in the solar industry relates to the transport of turbine blade and towers. Transporting wide blades around turns, passageways, and beneath overhead obstructions serves as ongoing challenge, and road weight limits further exacerbate the issue. More details regarding these challenges can be found in a study conducted by the NREL. The decommissioning plan for the Black Oak Wind Farm in New York exemplifies this issue, as roads will need to be widened in order to transport and remove turbines. Data quantifying these costs, however, is not available.

Emergency Services: No public government sources relating to the fiscal costs of renewable energy on emergency services were found.

Renewables (8/9)

Economic Impact (Continued)

Costs (Continued)

Water: According to the "Water Nexus" study conducted by the Department of Energy, additional renewable electricity will most likely have relatively low water withdrawals, especially when compared to traditional energy sources.[2] Different renewable energy sources, however, have different impacts on water consumption and water-related costs.

- Solar: Certain types of generation such as CSP and EGS have significant water consumption factors which depend on the generation and cooling technology used. Wet-cooled CSP plants, for example, consume more water than many other types of energy, while dry-cooled CSP plants consume less water than both coal and natural gas facilities. Current estimates indicate that CSP plants (both dry and wet-cooled) will on average use 620-acre feet of water per year.[3] The impacts of this water use vary by project phase, but have been found to affect surface water quality, balance in perennial streams, wells in neighboring pumping centers, and connectivity of surface water features.[4]
- Hydropower: Hydroelectric facilities do not technically withdraw or consume water for generation, however, water does evaporate from reservoirs. Given the multipurpose nature of most hydro projects, however, it is difficult to attribute the share of evaporation specific to hydropower generation.[5]
- Geothermal: The majority of water consumption in the production of geothermal energy occurs during the operational stage and results from belowground leakage. Currently, existing projects such as the Geysers geothermal field in California have maintained productivity even in the face of water shortages by utilizing municipal waste water—up to 10 million gallons a day.[6] A recent study conducted by the DOE predicts that geothermal energy production may result in water conflicts, especially in the Imperial Valley of California.
- Biomass: Water demands and water quality impacts vary greatly among different biomass feedstock categories; therefore, water resource planning remains a key to large-scale biomass resource development.[7] Water consumption for biofuels stood at just over 3 million acre-feet in 2014, however, data regarding other sectors of the bio-economy was not found.[8]

Reclamation:

- Wind: On a high level, BSEE oversees the decommissioning of offshore wind projects and BLM onshore wind projects. States rarely have their own decommissioning regulations with Hawaii, Indiana, Maine, Minnesota, New York, North Dakota, Ohio, Oregon, South Dakota, and Vermont being the only states with renewable facility decommissioning rules and funds. No utility scale wind projects have been decommissioned, however, the BLM estimates that the total cost of removal varies from $3,500 to $5,700 per 100 kW turbine.[9] The standard bond amount for wind farm developers is typically around $20,000 per turbine.[10]
- Solar: The BLM oversees the reclamation of solar projects, and the standard bond amount inside designated leasing areas is $10,000 per acre.[11] Different states also have their own regulations, which often include the requirement of a decommissioning plan at the time of application. California, Hawaii, New Jersey, Louisiana, Nebraska, New Hampshire, Oklahoma, Vermont, and Virginia are currently the only states with solar decommissioning policies and funds. During decommissioning, producers must remove PV modules from racks, dispose of all solid and hazardous waste according to regulations, and re-vegetate affected areas. A study conducted by the Department of Energy estimated that the decommissioning of Apple One Solar Farm in California would cost $578,920.[12]
- Hydropower: Reclamation of hydropower facilities take several forms—one of which includes dam removal. In 2006, the California Energy Commission and U.S. Department of Interior conducted a study regarding the decommissioning of the Klamath Basin Hydroelectric Project due to environmental and wildlife concerns. The study projected that dam removal would cost $89.6 million.[13] Decommissioning, however, does not always require full dam removal, as some features can be left in place for other uses. For projects constructed on federal land, developers are required to restore the lands to a condition satisfactory to the Federal Energy Regulatory Commission.
- Geothermal: Reclamation of geothermal sites include the plugging and capping of abandoned wells, removal of structures and surface equipment, and replanting of vegetation to facilitate natural restoration.[14] Though data on the national level regarding the cost of reclamation does not exist, certain states do report such information. For example, California's Division of Oil, Gas and Geothermal spent $1.2 million dollars reclaiming 19 hazardous and idle-deserted geothermal wells in 2008.[5]

Renewables (9/9)

Federal Laws & Regulations

A number of laws and regulations govern renewable energy in the United States.

Law/Code/Rule	Description
Federal Power Act (FPA)	FPA established the Federal Power Commission, which oversees wholesale and interstate electricity transactions. It serves as the primary source of federal authority over electric utilities (including renewable electricity).
Energy Policy Act of 1992 (EPACT92)	Congress passed EPACT92 to set goals, create mandates, and amend utility laws to increase energy efficiency and clean energy. The Act has 27 titles working to provide incentives for renewable energy and energy conservation in buildings.
Energy Policy Act of 2005 (EPA)	EPA addresses: energy efficiency, renewable energy, oil and gas, coal, tribal energy, nuclear matters, vehicles, hydrogen, electricity, energy tax incentives, hydropower/geothermal energy, and climate change technology. For example, one part of the Act provides loan guarantees for those that use innovative technologies to avoid the production of greenhouse gases.
Energy Independence and Security Act of 2007 (EISA)	EISA aims to move the United States toward greater energy independence and security through increased production of clean renewable fuels and improvement in energy efficiency. The three key provisions are the Corporate Average Fuel Economy Standards, the Renewable Fuel Standard, and the Appliance/Lighting Efficiency Standards.
Renewable Energy Bonus Depreciation	This part of the tax code classifies many renewable projects as "five-year property," making project costs depreciable over five years. In addition, there is a 50% "bonus" depreciation for eligible systems in the first year.
Public Utility Regulatory Policy Act (PURPA)	PURPA requires utilities to buy electricity from qualifying facilities, and by doing so injected competition into wholesale power markets. PURPA paved the way for renewable energy developers to enter the market.
FERC Orders 888 & 889	Order 888 and 889 reduced transmission barriers for renewable energy generators and gave developers open access to critical market data regarding transmission capacity and prices.
Executive Order 13693	EO 13693, "Planning for Federal Sustainability in the Next Decade," requires federal agencies to achieve a slew of goals regarding sustainability. This includes requiring that the Federal government consume 7.5% of its electricity use from renewable sources.

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RE: EITI

From: "Mazzarella, James A. EOP/NSC" (b)(6) [redacted]
To: "Iverson, Thomas" <thomas.iverson@treasury.gov>, "Carlson, Curtis" <curtis.carlson@treasury.gov>
Date: Wed, 09 Aug 2017 21:53:07 +0000
Attachments: FW_ EITI Sub-PCC _ Wednesday, Aug 30 _ 3pm in 176 EEOB .msg (225.79 kB)

Thanks Tommy. Curtis, please see attached invite and background on USEITI and call me if you would like to discuss.

Jim Mazzarella | Director for International Development | National Security Council | (b)(6) [redacted] | (b)(6) [redacted]

From: Thomas.Iverson@treasury.gov [mailto:Thomas.Iverson@treasury.gov]
Sent: Wednesday, August 9, 2017 4:46 PM
To: Curtis.Carlson@treasury.gov; Mazzarella, James A. EOP/NSC (b)(6) [redacted]
Subject: EITI

Jim, I found the Treasury representative for EITI.
Curtis, Jim is at the NSC working on the issue.

Best regards,
Tommy

RE: EITI

From: curtis.carlson@treasury.gov
To: "Mazzarella, James A. EOP/NSC" (b)(6) [redacted]
Date: Wed, 09 Aug 2017 22:05:40 +0000

Jim

I will be on vacation the week of the meeting. I've worked closely with DOI and agree with their recommendations.

If you want to discuss this more please let me know.

Curtis

From: Mazzarella, James A. EOP/NSC (b)(6) [redacted]
Date: August 9, 2017 at 5:53:41 PM EDT
To: Iverson, Thomas <Thomas.Iverson@treasury.gov>, Carlson, Curtis <Curtis.Carlson@treasury.gov>
Subject: RE: EITI

Thanks Tommy. Curtis, please see attached invite and background on USEITI and call me if you would like to discuss.

Jim Mazzarella | Director for International Development | National Security Council | (b)(6) [redacted]

From: Thomas.Iverson@treasury.gov [mailto:Thomas.Iverson@treasury.gov]
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To: Curtis.Carlson@treasury.gov; Mazzarella, James A. EOP/NSC <(b)(6) [redacted]
Subject: EITI

Jim, I found the Treasury representative for EITI.

Curtis, Jim is at the NSC working on the issue.

Best regards,

Tommy

RE: EITI

From: "Carlson, Curtis" <curtis.carlson@treasury.gov>
To: "Iverson, Thomas" <thomas.iverson@treasury.gov>
Date: Thu, 10 Aug 2017 12:41:18 +0000

I let Jim know that I am not available the last week this month so I will miss he meeting. I've been pretty involved and in close contact with DOI. None of this is news to me.

If you want to talk please let me know.

Curtis

From: Iverson, Thomas <Thomas.Iverson@treasury.gov>
Date: August 9, 2017 at 4:45:08 PM EDT
To: Carlson, Curtis <Curtis.Carlson@treasury.gov>
Subject: RE: EITI

Gotcha. OK. I'm going to connect you with Jim Mazzarella, who's the NSC POC for the issue. There's an upcoming sub-pcc on the issue.

From: Carlson, Curtis
Sent: Wednesday, August 09, 2017 4:41 PM
To: Iverson, Thomas <Thomas.Iverson@treasury.gov>
Subject: Re: EITI

I'm still the Treasury representative for the USEITI to the extent it still exists. It's in a state of limbo for the moment. There have been no official meetings since the beginning of the year.

From: Iverson, Thomas <Thomas.Iverson@treasury.gov>
Date: August 9, 2017 at 4:29:37 PM EDT
To: Carlson, Curtis <Curtis.Carlson@treasury.gov>
Subject: EITI

Hi Curtis,
I work in TFFC on AML/CFT issues and anticorruption.
If I remember correctly you used to work on EITI, am I right? If so, do you still cover it?
I just met with the new NSC director responsible for the issue and he's looking for the main Treasury POC, my office has only been tangentially involved.
Best regards,
Tommy

eiti

From: "Carlson, Curtis" <"/o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Wilson, Judith" <judith.wilson@onrr.gov>
Date: Thu, 10 Aug 2017 13:28:18 +0000

Judy,

I have heard that we are going to official withdrawal from EIIT. I'm going to miss the sub-PPC meeting later this month. Who keeps setting up meetings up during vacation season? One note on the language that I have seen: It says U.S. laws preclude us from implementing all the EITI standards. This isn't quite true. U.S. laws preclude us from mandating that firms comply with all reporting requirements under EITI. There is nothing stopping them from doing so on a voluntary basis. This is not a big deal but I know that civil society will want to play up this distinction. I will leave it to you if you guys want to try and finesse this point.

Happy Doggie Day!
Curtis

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
(b)(6) [redacted]
curtis.carlson@treasury.gov

RE: eiti

From: "Carlson, Curtis" <"/o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Wilson, Judith" <judith.wilson@onrr.gov>
Date: Thu, 10 Aug 2017 13:40:40 +0000

I'm still debating whether it is worth driving hours, in likely traffic jams, to get to the full eclipse. I'm leaning against it but my daughter really wants to go. There is another one in a few years that will also be nearby.

Does anyone outside the Administration know that we are going to withdraw, although it can't really be a surprise to anyone?

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
[redacted] (b)(6)
curtis.carlson@treasury.gov

From: Wilson, Judith [mailto:judith.wilson@onrr.gov]
Sent: Thursday, August 10, 2017 9:34 AM
To: Carlson, Curtis
Subject: Re: eiti

Thank you Curtis. Good to hear from you. I will clarify the distinction during our meeting. We are gearing up for another doggy days at Interior. Hope all is well with you. Do you have plans for viewing the eclipse? I will be on a plane to Denver.

On Thu, Aug 10, 2017 at 9:28 AM, <Curtis.Carlson@treasury.gov> wrote:
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Curtis Carlson
Office of Tax Analysis
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--
Judy Wilson
Program Manager USEITI Secretariat
Office of Natural Resources Revenue
judith.wilson@onrr.gov
202-208-4410

Re: eiti

From: "Wilson, Judith" <judith.wilson@onrr.gov>
To: "Carlson, Curtis" <curtis.carlson@treasury.gov>
Date: Thu, 10 Aug 2017 14:00:14 +0000

International Secretariat and CBI

On Thu, Aug 10, 2017 at 9:40 AM, <Curtis.Carlson@treasury.gov> wrote:

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> ---
>
> Curtis Carlson
>
> Office of Tax Analysis
>
> U.S. Department of the Treasury
>
> (b)(6) [redacted]
>
> curtis.carlson@treasury.gov
>
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Curtis Carlson

Office of Tax Analysis

U.S. Department of the Treasury

[redacted]

curtis.carlson@treasury.gov

--

Judy Wilson

Program Manager USEITI Secretariat

Office of Natural Resources Revenue

judith.wilson@onrr.gov

202-208-4410

--

Judy Wilson
Program Manager USEITI Secretariat
Office of Natural Resources Revenue
judith.wilson@onrr.gov
202-208-4410

USEITI Renewables Addition

From:	"OS, USEITI" <useiti@ios.doi.gov>
To:	Bruce Barnett <bbarnett@choctawnation.com>, Claire Ware <claire.ware007@yahoo.com>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, Greg Gould <greg.gould@onrr.gov>, Jim Steward <jim.steward@onrr.gov>, Julie A Lenoir <jlenoir@blackfeetnation.com>, Marina Voskanian <marina.voskanian@slc.ca.gov>, Michael D Matthews <mike.matthews@wyo.gov>, Mike Smith <mike.smith@iogcc.state.ok.us>, Aaron P. Padilla <padillaa@api.org>, Christopher Chambers <christopher_chambers@fmi.com>, David Romig <david_romig@fmi.com>, Edwin Mongan <edwin.mongan@bhpbilliton.com>, Johanna Nesseth Tuttle <johanna.nesseth@chevron.com>, Michael Gardner (RTHQ) <michael.gardner@riotinto.com>, Nicholas Cotts <nicholas.cotts@newmont.com>, Nicholas Welch <nick.welch@nblenergy.com>, Phillip Denning <phillip.denning@shell.com>, Stella Alvarado <stella.alvarado@anadarko.com>, Susan Ginsberg <sginsberg@ipaa.org>, Veronika Kohler <vkohler@nma.org>, Betsy Taylor <betsyt@vt.edu>, Betsy Taylor <betsy.taylor@gmail.com>, Brian Sanson <bsanson@umwa.org>, Daniel Dudis <ddudis@citizen.org>, Danielle Brian <dbrian@pogo.org>, David Chambers <dchambers@csp2.org>, Isabel Munilla <imunilla@oxfamamerica.org>, Jana Morgan <jmorgan@pwypusa.org>, Jennifer Krill <jkrill@earthworksaction.org>, Keith Romig <kromig@usw.org>, Lynda Farrell <lynda@pscoalition.org>, Michael Levine <mlevine@oceana.org>, Michael Ross <mlross@polisci.ucla.edu>, Neil R Brown <neil@neilrobertbrown.com>, Paul Bugala <pbugala@gmail.com>, Rebecca Adamson <radamson@firstpeoples.org>, Zorka Milin <zmilin@globalwitness.org>
Cc:	"Cassidy, John Kenneth (US - Arlington)" <jocassidy@deloitte.com>, "Mennel, John (US - Arlington)" <jmennel@deloitte.com>, "Hawbaker, Luke Malcolm (US - San Francisco)" <lhawbaker@deloitte.com>, Mia Steinle <msteinle@pogo.org>, Emily Hague <hague@api.org>, "Norfleet, Charles" <charles.norfleet@boem.gov>, "Wong, Alexandra (US - Arlington)" <alexandwong@deloitte.com>, Judith Wilson <judith.wilson@onrr.gov>, Robert Kronebusch <robert.kronebusch@onrr.gov>, Nathan Brannberg <nathan.brannberg@onrr.gov>, Jennifer Malcolm <jennifer.malcolm@onrr.gov>, Treci Johnson <treci.johnson@onrr.gov>, Chris Mentasti <chris.mentasti@onrr.gov>, ksweeney@nma.org, Ryan Winzenburg <ryan.winzenburg@onrr.gov>
Date:	Wed, 23 Aug 2017 20:52:18 +0000
Attachments:	USEITI Renewables Highlight_8-23-2017.pdf (696.66 kB)

Hello and good evening:

Deloitte has completed another addition for Renewables (attached). We are asking that the MSG review this addition for fatal flaws. After we have received final comments and edits this addition will be passed off to 18F to be incorporated onto the Data Portal.

Please reply with your comments for fatal flaws on or before COB, Friday, September 1st.

Thank you,
Kim

Kim Oliver
Program Analyst
Office of Natural Resources Revenue
202/513-0370 office phone
Kimiko.Oliver@ONRR.gov

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Follow us on Twitter and Facebook

Regards,

USEITI Secretariat
202-208-0272 voicemail

USEITI
The United States Extractive Industries Transparency Initiative

Renewables Addition

August 2017

Deloitte.

Renewables

Overview

Renewable energy comes from sources that are not depleted when used, this includes: sunlight, wind, rain, tides, waves, plants, and heat.[1] Renewable energy technologies turn these natural resources into usable energy, which most often takes the form of electricity. Renewable energy, often also called "clean" or "green" energy, produce few if any pollutants. In addition, renewable energy also serves as a pathway to energy independence and security.

The U.S. has experienced a steady expansion of its renewable energy sector over the last decade, with cumulative installed capacity growing over 91% from 2005 to 2015.[2] The industry not only generated 13.8% of total energy in 2015, but also billions in economic activity.[3 4] The industry expects continued growth in the coming years, with the U.S. Energy Information Administration predicting 7.9% growth in the U.S. renewable energy supply over the next year.[5]

While the U.S. Energy Information Administration and the International Energy Agency use slightly different classification systems for these different energy types, USEITI chooses to treat solar, wind, water, geothermal, and biomass collectively under the category of renewable energy based on MSG scope decisions.

Types of Renewable Energy

Multiple types of renewable energy exist, and the number and variety has increased as technology advances. The information below outlines the five key categories of renewable energy.

Solar: The amount of solar power installed in the U.S. has increased more than 23 times since 2008 due to technological advances, decreasing costs, and various government incentives. The two central technologies for solar power generation are Photovoltaic Systems (PV) and Concentrated Solar Power (CSP). PV currently accounts for 72% of the capacity under development and CSP accounts for 25%.[6] CSP systems, also known has solar thermal power systems, concentrate radiation to heat a liquid substance that drives a heat engine and an electric generator, which creates an alternating current (AC). PV systems, on the other hand, do not use the sun's heat to generate power. Rather, they use the sun's light to generate direct electric current (DC). PV systems can be developed in a distributed manner (e.g. on a residential home's roof) or in utility-scale solar installations, often called solar farms.

Wind: Built on land or offshore, turbines generate electricity when wind turns their blades and spins a shaft that connects to a generator. Home to one of the largest and fastest-growing wind markets in the world, investments in wind in the U.S. averaged almost $13 billion a year between 2008 and 2013.[7 8] In addition, in 2016, wind power surpassed 82,000 MW (megawatts) of installed capacity, making it the second leading source of renewable capacity in the U.S.[9]

Water: Hydropower is the country's oldest and largest source of renewable energy, supplying 10% of U.S. electricity generation from 1950-2015.[10] Water power technologies capture the power of flowing water and turn it into electricity using several types of hydropower facilities—impoundment, diversion, and pumped storage. The most common type of hydroelectric power plants are impoundment facilities, which use dams to store water in reservoirs. Water released from the reservoir spins a turbine, which in turn activates a generator to produce electricity.

Geothermal: The U.S. ranks as the largest producer of geothermal electricity in the world, and unlike wind and solar, geothermal resources are not dependent upon weather conditions.[11] Geothermal energy derives its power from the earth's heat, and producers drill wells to tap into reservoirs of hot water below the earth's surface. See the Department of Energy's tutorial on geothermal power plants for more information.

Biomass: Biomass provided approximately 5% of the energy used in the U.S. in 2016.[12] Biomass is an organic renewable energy source that includes materials such as: algae, wood chips, and agriculture residue. These materials contain stored energy from the sun created by photosynthesis, and burning them releases chemical energy. Biomass-fired power plants produce electricity by burning biomass to heat water to a high temperature under pressure. The steam generated from this process powers turbines which connect to generators.

Renewables (2/9)

Governance

Federal Governance

USEITI provides detailed information on how the federal government regulates onshore and offshore renewable energy projects.

For offshore renewables, regulation is primarily handled by:

- The Bureau of Ocean Energy Management (BOEM): The Energy Policy Act of 2005 established the Outer Continental Shelf Renewable Energy Program and created guidelines that inform BOEM's regulations for offshore wind, wave, and ocean current energy.
- The Bureau of Safety and Environmental Enforcement (BSEE): BSEE regulates the renewable energy industry throughout the development and decommissioning phases of projects. BSEE's primary charge is to conduct inspections and enforce lease, safety, and environmental conditions of offshore wind projects. In addition, BSEE also issues decommissioning permits and licenses.
- The Office of Natural Resources Revenue (ONRR): ONRR manages the federal monetary transactions associated with renewable energy for offshore projects. This includes collecting bonuses during the lease phase, rents during the exploration and development phases, and acquisition and operating fees.

For onshore renewable energy projects, regulation is primarily handled by:

- The Bureau of Land Management (BLM): Title V of the Federal Land Policy and Management Act of 1976 provides the BLM with the authority to issue rights of way for developing solar and wind on federal lands. The BLM oversees all phases of the process from planning to decommissioning, and even handles collection of rents and fees.
- The Federal Energy Regulatory Commission (FERC): FERC, an independent agency, regulates all activity related to the interstate transmission of electricity. It also handles the licensing of all hydroelectric projects (both onshore and offshore).
- The Bureau of Reclamation: Established in 1902, the Bureau of Reclamation is the largest wholesaler of water in the country, and the second largest producer of hydroelectric power. The Bureau of Reclamation has constructed more that 600 dams, and is considered a contemporary water management agency.
- The United States Army Corps of Engineers (USACE): USACE is a federal agency under the Department of Defense, delivering public and military engineering services to its customers. The Corps' water resources mission includes hydroelectric power production. It operates 75 hydropower plants, making it the largest operator of hydroelectric power plants in the U.S.
- The Federal Power Marketing Administrations (PMAs): The Department of Energy's four federal power marketing administrations operate electric systems and sell the electrical output of federally owned and operated hydroelectric dams in 33 states. The four PMAs are the Bonneville Power Administration, the Western Area Power Administration, and the Southeastern Power Administration, and the Southwestern Power Administration.
- The Tennessee Valley Authority (TVA): TVA is a corporate agency of the U.S. that provides electricity to over 9 million people in seven southeastern states. TVA offers a spectrum of renewable energy solutions to serve its customers through its commitment to hydropower, solar, and wind installations. It is exemplary of other public power administrations like the Bonneville

State Governance

State and local governments also maintain their own governing bodies to oversee renewable energy generation. For example:

- California's Energy Commission: Following the deregulation of electric utilities in 1998, the California Energy Commission was placed in charge of the new Renewable Energy Program. The Commission works to increase total renewable electricity generation across the state, and does so by providing market-based incentives for utility scale facilities. It also provides consumer rebates for installing wind and solar energy systems.
- Colorado's Public Utilities Commission: Colorado passed the first voter-led Renewable Energy Standard in the nation, which requires electricity providers to obtain a minimum percentage of their power from renewable sources. The Public Utilities Commission validates that the resources used are in fact greenhouse gas neutral, and more generally works to ensure the availability of safe, reliable, and efficient electric, gas, steam, and water services to utility customers.
- Washington's Utilities and Transportation Commission: The Utilities and Transportation Commission oversees renewable energy programs offered by regulated utilities. In the state of Washington, this includes energy produced from solar, wind, geothermal, qualified hydropower, and other "green sources." Green power programs in Washington include the Alternative Energy Option, which requires electric utilities to offer their customers a voluntary option to buy green power.

Renewables (3/9)

Governance (Continued)

Tribal Governance

The Bureau of Indian Affairs (BIA) reviews and approves solar, wind, and biomass renewable energy projects on Indian lands. Though the BIA informs the BLM and the ONRR of any development, no additional review or approval is required. The Office of Special Trustee for American Indians (OST) oversees and distributes revenues from leases and right-of-way agreements.

The Office of Indian Energy and Economic Development's Division of Energy and Mineral Development provides a broad overview of renewable energy development on Indian lands. For information, the USEITI also maintains sections on the tribal governance of energy production.

Production

All Lands Production[1]

In 2015, renewable sources generated a total of 567,348 GWh (gigawatt hours) of energy, from a total capacity of 194,055 MW (megawatts). [2] Generally speaking, electricity generation from renewables has climbed steadily, increasing 47% over the last decade. Overall renewable generation increased 2% in 2015, driven by a 36% increase in solar energy production. In addition, renewable electricity generation as a percentage of total electricity generation has also increased steadily from 9.5% in 2006 to 13.8% in 2015.

USEITI also publishes production levels for geothermal, solar, wind, hydropower, and other biomass:

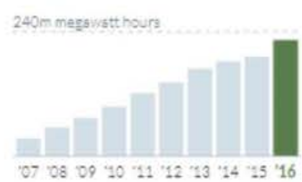
HYDROELECTRIC

265,829,331 megawatt hours of hydroelectric energy were produced in **2016**.

OTHER BIOMASS

22,068,430 megawatt hours of other biomass energy were produced in **2016**.

WIND



226,484,819 megawatt hours of wind energy were produced in **2016**.

GEOTHERMAL

17,416,928 megawatt hours of geothermal energy were produced in **2016**.

SOLAR

36,754,200 megawatt hours of solar energy were produced in **2016**.

Renewables (4/9)

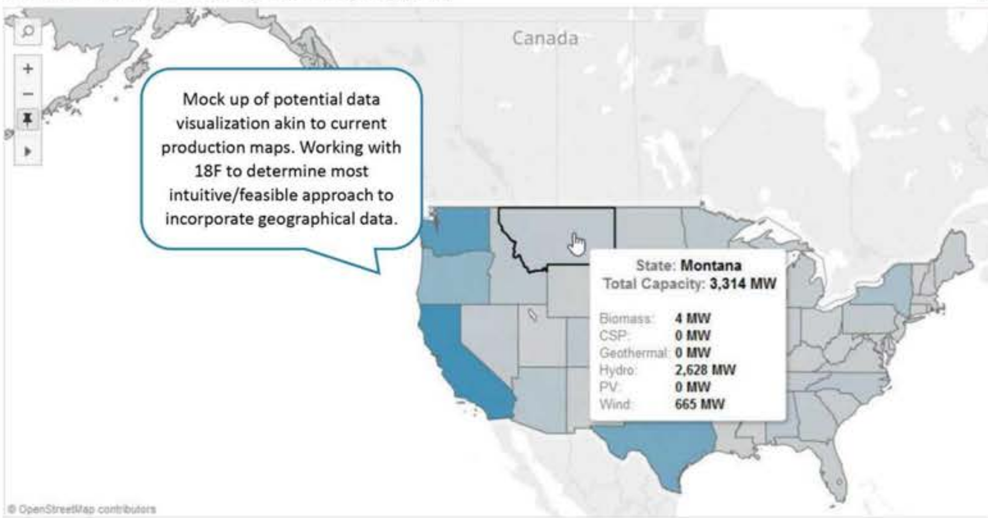
Production (Continued)

Installed Capacity[3]

In 2015, California led the nation in installed renewable electricity capacity, with nearly 31 GW, followed by Washington (25 GW) and Texas (19 GW). California led the country in solar, biomass, and geothermal capacity, while Texas led in wind and Washington in hydropower. Oklahoma had the highest growth rate in capacity additions at 30%, followed by North Carolina, Utah, and Kansas all at 27%.

The map below provides renewable energy capacity by state using data from the Department of Energy's 2015 Renewable Energy Data Book:

Cumulative Renewable Electricity Installed Capacity (2015)



Revenue

Federal Revenue[1]

Companies pay a range of fees, rates, and taxes on renewable energy production in the United States. On federal lands, non-tax revenue is collected and reported by the ONRR. The federal government collects different kinds of fees at each phase, and the chart below shows how much federal revenue ONRR collected in 2016 for renewable energy production. Data, however, is only available for revenue from geothermal and offshore wind energy.

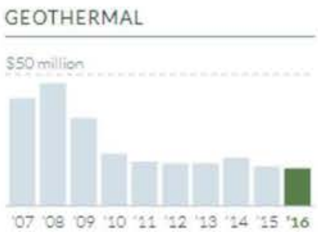
Federal revenue by phase (2016) | Revenue details by phase

Commodity	1. Securing rights	2. Before production	3. During production	Other revenue
GEOTHERMAL				
Geothermal $13,356,892	$19,141	$1,427,938	$11,586,026	$323,788
OFFSHORE RENEWABLE ENERGY				
Wind $5,192,111	$1,886,955	$3,305,155	$0	$1

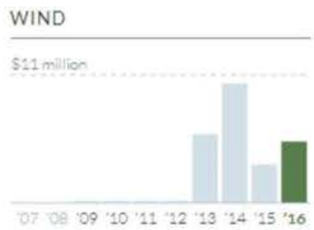
Renewables (5/9)

Revenue (Continued)

Federal Revenue (Continued)



Companies paid **$13,356,892** to produce geothermal on federal land in **2016**.



Companies paid **$5,192,111** to produce wind on federal land in **2016**.

After collecting revenue, ONRR distributes that money to different agencies, funds, and local governments for public use. This process is called "disbursement," and most federal revenue disbursements go into national funds, such as the Land and Water Conservation Fund and the Reclamation Fund. A more detailed breakdown of disbursements is available here. ONRR, however, also disburses some revenue from natural resource extraction back to local governments. In 2016, ONRR disbursed $3,229,359 of revenue collected from geothermal energy back to counties in California, Idaho, Nevada, New Mexico, Oregon, Utah, and Washington.

Tax Expenditures

Tax expenditure programs are policy instruments that reduce federal revenue through changes to the tax code (e.g. tax credits, exemptions, preferential tax rates, deferrals of tax liability) in order to further other policy goals—such as growth in clean energy.

Federal tax credits for the renewable energy industry have been particularly impactful and prevalent, and include:

- Renewable Electricity Production Tax Credit (PTC)[1]: PTC applies to electricity generated by qualified energy resources for 10 taxable years. For 2016, the tax credit was $0.023/kWh for wind, close-loop biomass, geothermal, and solar and $0.012/kWh for open-loop biomass, land fill gas, solid waste, and hydroelectric.[2] The tax credit was recently phased down for wind, and expired for all other technologies commencing construction after December 31, 2016.
- Residential Renewable Energy Tax Credit[3]: This tax credit allows individuals to claim 30% of qualified expenditures for residences owned and used. Qualified expenditures include labor, assembly, installation, and piping/wiring costs. The Consolidated Appropriations Act extended the expiration date of this tax credit for solar technologies, however, the credit for all other technologies expired at the end of 2016.
- Business Energy Investment Tax Credit (ITC)[4]: ITC allows for owners of qualified renewable technologies to receive tax credits worth 30% of the value of the facility. The Consolidated Appropriations Act extended the expiration date for solar and other PTC qualified technologies. Project owners, however, must choose between this one time Investment Tax Credit and the 10-year Production Tax Credit.

States also have their own tax incentives that mirror that of the federal government, for example:

- New Mexico's Renewable Energy Production Tax Credit (REPTC)[5]: For wind and biomass, the credit is $0.01/kWh for the first 400,000 MWh for 10 years. For solar, the credit ranges from $0.015/kWh to $0.04 /kWh depending on the taxable year. A study conducted by the New Mexico Energy, Minerals, and Natural Resources Department found that from 2003 to 2012, the value of the claimed REPTC credit amounted to $61.6 million. The study also found that REPTC facilities added an estimated $597 million in economic value and $400 million in avoided emissions to the state economy. Other New Mexico clean energy tax incentives include the Solar Market Development Tax Credit, Agricultural Biomass Tax Credit, and Geothermal Heat Pump Tax Credit.

Renewables (6/9)

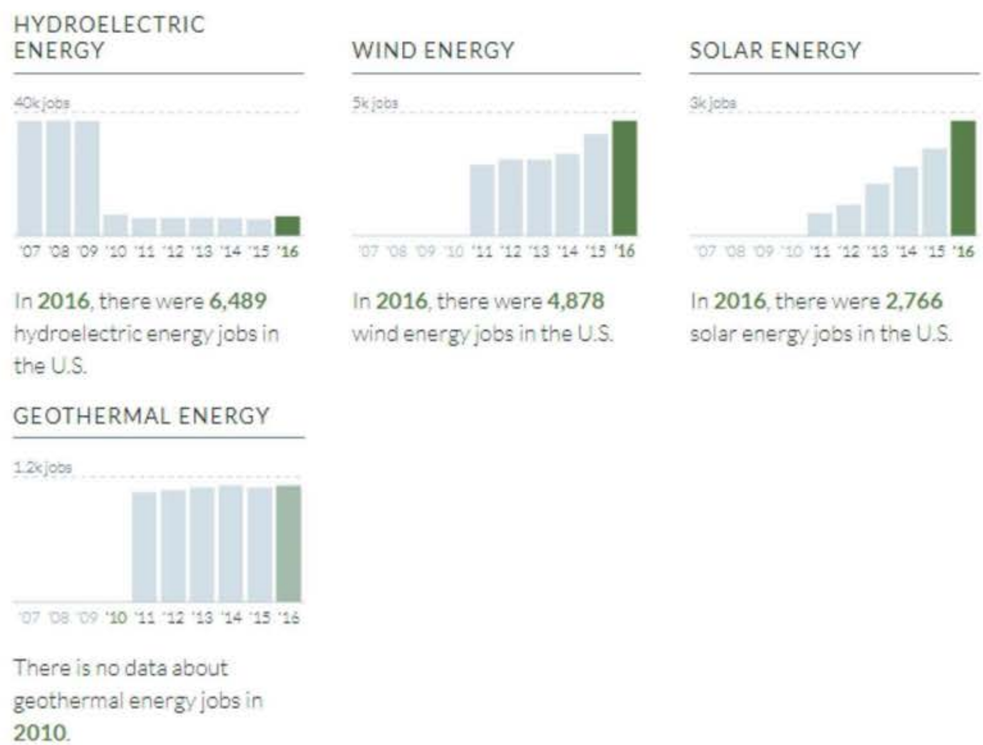
Economic Impact

Renewable Energy not only generates revenues for the government, but also contributes to gross domestic product (GDP), creates jobs, and generates exports which draw in money from abroad.

Employment

Typically, employment data for the extractive industries is based on Bureau of Labor Statistics (BLS) labor market data, however, data on renewable energy remains limited as North American Industry Classification System (NAICS) codes do not yet exist for all parts of the industry. For example, the BLS reports that utilities employ just under 2,800 workers for solar generation, however, a study conduced by the DOE found over 370,000 people engaged in some portion of the solar business.[1] Since no other NAICS codes exist for the solar sector specifically, existing labor market data underestimates the total amount of workers employed in solar related work.

BLS estimates:



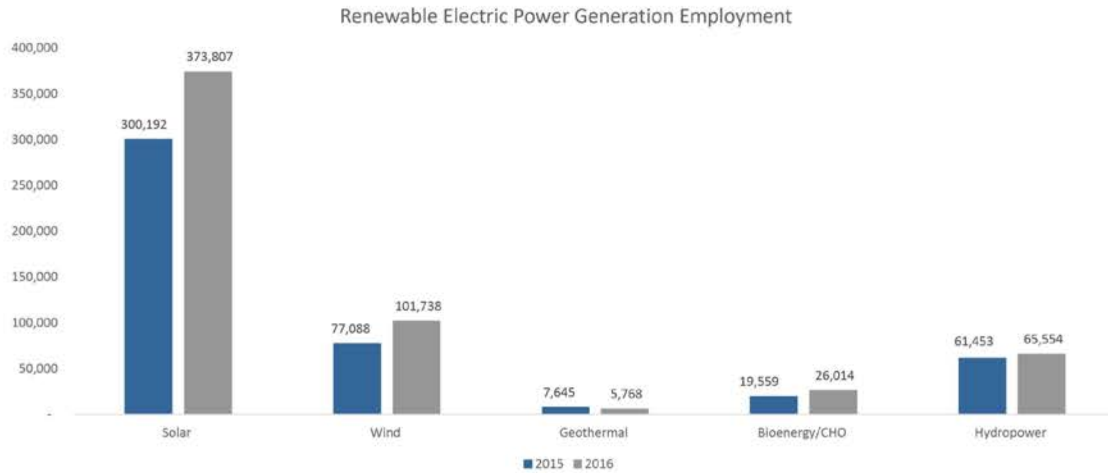
Given the constraints mentioned above, there have been efforts to enhance existing data sets. The DOE's [2017 U.S. Energy and Employment Report](#) (USEER) used supplemental surveys to help disaggregate existing data and gain additional insights into the renewables industry. Using this methodology the USEER found that renewable electric power generation accounted for a total of 572,881 jobs in 2016, a 22% increase over 2015. The rise in employment in solar, wind, bioenergy, and hydropower all reflect the shift toward renewable energy production and growth in capacity.

(continued)

Renewables (7/9)

Economic Impact (Continued)

Employment (Continued)



GDP

Currently, the Bureau of Economic Analysis does not publish data specific to the renewable energy industry. Other indicators of the industry's affect on the U.S. economy include the amount of new investment and revenue generated by renewables. New investment in clean energy in the United States grew by 10% in 2015 to $45 billion.[1] And according to the Census Bureau, renewable energy brought in a total of $9.8 billion in revenue in 2012, up from $6.6 billion in 2007.[2] In 2012, $4.9 billion came from wind, $2.4 billion from hydropower, $995.4 million from geothermal, $934.6 million from biomass, and $472.4 million from solar.

Exports[1]

In 2016, the Department of Commerce conducted a market assessment of renewable energy for U.S. exporters. The study found that the world will add over 250 GW of renewable energy capacity through 2017, and to meet this demand the global import market will reach $195 billion.

The U.S. captured nearly 13% of the import market in the Western Hemisphere last year, however, the study found that exporters in the U.S. are poorly positioned to capitalize on the growth in installed capacity around the world. U.S. exporters are projected to capture only 5.6% of the import market due to low levels of export potential among certain renewable subsectors. For example, European-owned manufacturers dominate the hydropower sector, leaving little room for U.S. based companies. And while the U.S. is highly regarded for its geothermal expertise in development, engineering, and exploration, Japanese firms dominate manufacturing.

Costs

In addition to generating revenue and economic activity, energy generation can bring costs to local communities. The USEITI Multi-Stakeholder group prioritized four types of fiscal costs: transportation, emergency services, water, and reclamation.

Transportation[1]*:* Currently, data around the costs of transportation and the renewable energy industry is rather limited. However, one large constraint that currently exists in the wind industry relates to the transport of turbine blade and towers. Transporting wide blades around turns, passageways, and beneath overhead obstructions serves as ongoing challenge, and road weight limits further exacerbate the issue. More details regarding these challenges can be found in a study conducted by the NREL. The decommissioning plan for the Black Oak Wind Farm in New York exemplifies this issue, as roads will need to be widened in order to transport and remove turbines. Data quantifying these costs, however, is not available.

Emergency Services: No public government sources relating to the fiscal costs of renewable energy on emergency services were found.

Renewables (8/9)

Economic Impact (Continued)

Costs (Continued)

Water: According to the "Water Nexus" study conducted by the Department of Energy, additional renewable electricity will most likely have relatively low water withdrawals, especially when compared to traditional energy sources.[2] Different renewable energy sources, however, have different impacts on water consumption and water-related costs.

- Solar: Certain types of generation such as CSP have significant water consumption factors which depend on the generation and cooling technology used. Wet-cooled CSP plants, for example, consume more water than many other types of energy, while dry-cooled CSP plants consume less water than both coal and natural gas facilities. Current estimates indicate that CSP plants (both dry and wet-cooled) will on average use 620-acre feet of water per year.[3] The impacts of this water use vary by project phase, but have been found to affect surface water quality, balance in perennial streams, wells in neighboring pumping centers, and connectivity of surface water features.[4]
- Hydropower: Hydroelectric facilities do not technically withdraw or consume water for generation, however, water does evaporate from reservoirs. Given the multipurpose nature of most hydro projects, however, it is difficult to attribute the share of evaporation specific to hydropower generation.[5]
- Geothermal: The majority of water consumption in the production of geothermal energy occurs during the operational stage and results from belowground leakage. Currently, existing projects such as the Geysers geothermal field in California have maintained productivity even in the face of water shortages by utilizing municipal waste water—up to 10 million gallons a day.[6] A recent study conducted by the DOE predicts that geothermal energy production may result in water conflicts, especially in the Imperial Valley of California.
- Biomass: Water demands and water quality impacts vary greatly among different biomass feedstock categories; therefore, water resource planning remains a key to large-scale biomass resource development.[7] Water consumption for biofuels stood at just over 3 million acre-feet in 2014, however, data regarding other sectors of the bio-economy was not found.[8]

Reclamation:

- Wind: On a high level, BSEE oversees the decommissioning of offshore wind projects and BLM onshore wind projects. States rarely have their own decommissioning regulations with Hawaii, Indiana, Maine, Minnesota, New York, North Dakota, Ohio, Oregon, South Dakota, and Vermont being the only states with renewable facility decommissioning rules and funds. No utility scale wind projects have been decommissioned, however, the BLM estimates that the total cost of removal varies from $3,500 to $5,700 per 100 kW turbine.[9] The standard bond amount for wind farm developers is typically around $20,000 per turbine.[10]
- Solar: The BLM oversees the reclamation of solar projects on federal lands, and the standard bond amount inside designated leasing areas is $10,000 per acre.[11] Different states also have their own regulations, which often include the requirement of a decommissioning plan at the time of application. California, Hawaii, New Jersey, Louisiana, Nebraska, New Hampshire, Oklahoma, Vermont, and Virginia are currently the only states with solar decommissioning policies and funds. During decommissioning, producers must remove PV modules from racks, dispose of all solid and hazardous waste according to regulations, and re-vegetate affected areas. A study conducted by the Department of Energy estimated that the decommissioning of Apple One Solar Farm in California would cost $578,920.[12]
- Hydropower: Reclamation of hydropower facilities take several forms—one of which includes dam removal. In 2006, the California Energy Commission and U.S. Department of Interior conducted a study regarding the decommissioning of the Klamath Basin Hydroelectric Project due to environmental and wildlife concerns. The study projected that dam removal would cost $89.6 million.[13] Decommissioning, however, does not always require full dam removal, as some features can be left in place for other uses. For projects constructed on federal land, developers are required to restore the lands to a condition satisfactory to the Federal Energy Regulatory Commission.
- Geothermal: Reclamation of geothermal sites include the plugging and capping of abandoned wells, removal of structures and surface equipment, and replanting of vegetation to facilitate natural restoration.[14] Though data on the national level regarding the cost of reclamation does not exist, certain states do report such information. For example, California's Division of Oil, Gas and Geothermal spent $1.2 million dollars reclaiming 19 hazardous and idle-deserted geothermal wells in 2008.[5]

Renewables (9/9)

Federal Laws & Regulations

A number of laws and regulations govern renewable energy in the United States.

Law/Code/Rule	Description
The Reclamation Act of 1902	The Reclamation Act funded irrigation in the American West, and created the United States Reclamation Service, which was later renamed the United State Bureau of Reclamation. This law helped enable the construction of federal water facilities and hydropower plants
Tennessee Valley Authority Act of 1933 (TVA)	The TVA Act created the TVA, a federally owned corporation charged with addressing the Valley's most important issues related to energy, environmental stewardship, and economic development. Since then, the TVA has worked extensively to develop and provide its customers with affordable renewable energy.
Federal Power Act of 1935 (FPA)	FPA established the Federal Power Commission, which oversees wholesale and interstate electricity transactions. It serves as the primary source of federal authority over electric utilities (including renewable electricity).
Bonneville Project Act of 1937	The Bonneville Project Act authorized the completion, maintenance, and operation of the Bonneville Dam and Bonneville Power Administration (BPA). The BPA is charged with selling and delivering power from the federal dam to its customers.
Public Utility Regulatory Policy Act of 1978 (PURPA)	PURPA requires utilities to buy electricity from qualifying facilities, and by doing so injected competition into wholesale power markets. PURPA paved the way for renewable energy developers to enter the market.
Energy Policy Act of 1992 (EPACT92)	Congress passed EPACT92 to set goals, create mandates, and amend utility laws to increase energy efficiency and clean energy. The Act has 27 titles working to provide incentives for renewable energy and energy conservation in buildings.
Energy Policy Act of 2005 (EPA)	EPA addresses: energy efficiency, renewable energy, oil and gas, coal, tribal energy, nuclear matters, vehicles, hydrogen, electricity, energy tax incentives, hydropower/geothermal energy, and climate change technology. For example, one part of the Act provides loan guarantees for those that use innovative technologies to avoid the production of greenhouse gases.
Energy Independence and Security Act of 2007 (EISA)	EISA aims to move the United States toward greater energy independence and security through increased production of clean renewable fuels and improvement in energy efficiency. The three key provisions are the Corporate Average Fuel Economy Standards, the Renewable Fuel Standard, and the Appliance/Lighting Efficiency Standards.
Renewable Energy Bonus Depreciation of 2011	This part of the tax code classifies many renewable projects as "five-year property," making project costs depreciable over five years. In addition, there is a 50% "bonus" depreciation for eligible systems in the first year.
FERC Orders 888 and 889 of 2015 and 2016	Order 888 and 889 reduced transmission barriers for renewable energy generators and gave developers open access to critical market data regarding transmission capacity and prices.
Executive Order 13693 of 2015	EO 13693, "Planning for Federal Sustainability in the Next Decade," requires federal agencies to achieve a slew of goals regarding sustainability. This includes requiring that the Federal government consume 7.5% of its electricity use from renewable sources.

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Costs (Continued)

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RE: USEITI Renewables Addition

From: "Carlson, Curtis" <"/o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: kimiko.oliver@onrr.gov
Date: Thu, 24 Aug 2017 14:54:35 +0000

Kim;

Here are some edits on the tax expenditures. A few notes: 1) solar energy isn't qualified for the PTC at this point, (2) only wind and solar facilities were extended in the appropriations act, (3) the max credit rate was less than 30 percent for combined heat and power and fuel cell property. Because of this and the fact that the credits rates are being phased down for wind and solar, I changed the wording to say 'up to' 30 percent.

These edits bring up a bigger issue. These credits are continually changing. It will be somewhat difficult to keep these up to date if Interior is considering doing this on a continual basis.

Thanks,
Curtis

Business Energy Investment Tax Credit(ITC)4: ITC allows for owners of qualified renewable technologies to receive tax credits worth up to 30 percent of the value of the facility. The Consolidated Appropriations Act temporary extended the expiration date for higher credit rates for solar and wind facilities ~~PTC qualified technologies~~. Credits for other technologies expired at the end of 2016. Businesses who invest in wind facilities must choose between this one time Investment Tax Credit and the 10-year Production Tax Credit. A permanent 10 percent investment tax credit is available for solar and geothermal facilities.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
(w) 202-622-0130
(c) 202-230-2259
curtis.carlson@treasury.gov

From: kimiko.oliver@onrr.gov [mailto:kimiko.oliver@onrr.gov] **On Behalf Of** OS, USEITI
Sent: Wednesday, August 23, 2017 4:52 PM
To: Bruce Barnett; Claire Ware; Carlson, Curtis; Greg Gould; Jim Steward; Julie A Lenoir; Marina Voskanian; Michael D Matthews; Mike Smith; Aaron P. Padilla; Christopher Chambers; David Romig; Edwin Mongan; Johanna Nesseth Tuttle; Michael Gardner (RTHQ); Nicholas Cotts; Nicholas Welch; Phillip Denning; Stella Alvarado; Susan Ginsberg; Veronika Kohler; Betsy Taylor; Betsy Taylor; Brian Sanson; Daniel Dudis; Danielle Brian; David Chambers; Isabel Munilla; Jana Morgan; Jennifer Krill; Keith Romig; Lynda Farrell; Michael Levine; Michael Ross; Neil R Brown; Paul Bugala; Rebecca Adamson; Zorka Milin
Cc: Cassidy, John Kenneth (US - Arlington); Mennel, John (US - Arlington); Hawbaker, Luke Malcolm (US - San Francisco); Mia Steinle; Emily Hague; Norfleet, Charles; Wong, Alexandra (US - Arlington); Judith Wilson; Robert Kronebusch; Nathan Brannberg; Jennifer Malcolm; Treci Johnson; Chris Mentasti; KSweeney@nma.org; Ryan Winzenburg
Subject: USEITI Renewables Addition

Hello and good evening:

Deloitte has completed another addition for Renewables (attached). We are asking that the MSG review this addition for fatal flaws. After we have received final comments and edits this addition will be passed off to 18F to be incorporated onto the Data Portal.

Please reply with your comments for fatal flaws on or before COB, Friday, September 1st.

Thank you,
Kim

Kim Oliver
Program Analyst
Office of Natural Resources Revenue
202/513-0370 office phone

Kimiko.Oliver@ONRR.gov

--
Follow us on Twitter and Facebook

Regards,

USEITI Secretariat
202-208-0272 voicemail

Re: USEITI Renewables Addition

From: "Oliver, Kimiko" <kimiko.oliver@onrr.gov>
To: "Carlson, Curtis" <curtis.carlson@treasury.gov>
Date: Thu, 24 Aug 2017 15:16:25 +0000

Thank you Curtis I will pass your comments onto Deloitte.

Kim

On Thu, Aug 24, 2017 at 10:54 AM, <Curtis.Carlson@treasury.gov> wrote:

> Kim;
>
> Here are some edits on the tax expenditures. A few notes: 1) solar energy isn't qualified for the PTC at this point, (2) only wind and solar facilities were extended in the appropriations act, (3) the max credit rate was less than 30 percent for combined heat and power and fuel cell property. Because of this and the fact that the credits rates are being phased down for wind and solar, I changed the wording to say 'up to' 30 percent.
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>
> --
>
> Curtis Carlson
>
> Office of Tax Analysis
>
> U.S. Department of the Treasury
>
> [redacted]

curtis.carlson@treasury.gov

From: kimiko.oliver@onrr.gov [mailto:kimiko.oliver@onrr.gov] **On Behalf Of** OS, USEITI
Sent: Wednesday, August 23, 2017 4:52 PM
To: Bruce Barnett; Claire Ware; Carlson, Curtis; Greg Gould; Jim Steward; Julie A Lenoir; Marina Voskanian; Michael D Matthews; Mike Smith; Aaron P. Padilla; Christopher Chambers; David Romig; Edwin Mongan; Johanna Nesseth Tuttle; Michael Gardner (RTHQ); Nicholas Cotts; Nicholas Welch; Phillip Denning; Stella Alvarado; Susan Ginsberg; Veronika Kohler; Betsy Taylor; Betsy Taylor; Brian Sanson; Daniel Dudis; Danielle Brian; David Chambers; Isabel Munilla; Jana Morgan; Jennifer Krill; Keith Romig; Lynda Farrell; Michael Levine; Michael Ross; Neil R Brown; Paul Bugala; Rebecca Adamson; Zorka Milin
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Kim

Kim Oliver

Program Analyst

Office of Natural Resources Revenue

202/513-0370 office phone

Kimiko.Oliver@ONRR.gov

--

Follow us on Twitter and Facebook

Regards,

USEITI Secretariat

202-208-0272 voicemail

--
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Program Analyst
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Kimiko.Oliver@ONRR.gov

The United States Extractive Industries Transparency Initiative

Tribal Overview Outline

February 2017

Deloitte.

Content Modules for Tribal Overview (1/2)

The content for the Tribal Overview will sit in multiple places on the data portal, as determined by usability and content. The location may change depending on the result of eventual usability testing.

Subject	Location	Content
Ownership of Tribal Land & Resources	Add content to *How it Works/Who Owns Natural Resources in the U.S./Ownership/*	Built out content explaining tribal land ownership and tribal natural resource ownership in the United States
Production on Indian Land	Add tabs to specific commodity pages under *How it works/How do Natural Resources Result in Federal Revenue/Production*	Provide content, explanation, and relevant links across the five stages of extraction on tribal lands (Plan, Lease, Explore, Develop, Decommission & Reclaim) comparable to existing pages. This will be based on memo which differentiates between fluid and hard minerals.
Revenues from Indian Land	A new module under *How it works/How do Natural Resources Result in Federal Revenue/Revenues*	Overview of how revenues from Indian lands are collected and disbursed, including relevant context, links to agencies, and laws
Audits and Assurances for Revenues from Indian Land	Additional content in *How it works/How does U.S. ensure accuracy and accountability in natural resource revenues/Audits and Assurances*	Addition of content linking to and outlining audit and assurance practices of the federal government relevant to Indian revenues and disbursements (akin to current page's links)
Governing Laws & Agreements	Enhanced content in *How it works/Tribal laws and regulations*	Explanation of *major* laws covering federal obligations and the basis and explanation of responsibility

Content Modules for Tribal Overview (2/2)

The content for the Tribal Overview will sit in multiple places on the data portal, as determined by usability and content. The location may change depending on the result of eventual usability testing.

Title	Location	Content
Tribal Economic Impact	New content slotted under the *Explore Data* since that is where all current economic impact exists on the website	**If data exists** from MSG-approved sources, content covering the four USEITI categories at a *national* level: 1. GDP/Jobs 2. Exports 3. Revenue Sustainability 4. Fiscal Costs (Transportation, Water, Emergency Services, Reclamation)
Indian Land Production and Revenues – *updated by ONRR*	To Be Determined by ONRR	ONRR to update data on overall production and revenue from extraction on tribal lands

Fwd: National Secretariat Circular - September 2017

From: "OS, USEITI" <useiti@ios.doi.gov>

To: Bruce Barnett <bbarnett@choctawnation.com>, Claire Ware <claire.ware007@yahoo.com>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, Greg Gould <greg.gould@onrr.gov>, Jim Steward <jim.steward@onrr.gov>, Julie A Lenoir <jlenoir@blackfeetnation.com>, Marina Voskanian <marina.voskanian@slc.ca.gov>, Michael D Matthews <mike.matthews@wyo.gov>, Mike Smith <mike.smith@iogcc.state.ok.us>, Aaron P. Padilla <padillaa@api.org>, Christopher Chambers <christopher_chambers@fmi.com>, David Romig <david_romig@fmi.com>, Edwin Mongan <edwin.mongan@bhpbilliton.com>, Johanna Nesseth Tuttle <johanna.nesseth@chevron.com>, Michael Gardner (RTHQ) <michael.gardner@riotinto.com>, Nicholas Cotts <nicholas.cotts@newmont.com>, Nicholas Welch <nick.welch@nblenergy.com>, Phillip Denning <phillip.denning@shell.com>, Stella Alvarado <stella.alvarado@anadarko.com>, Susan Ginsberg <sginsberg@ipaa.org>, Veronika Kohler <vkohler@nma.org>, Betsy Taylor <betsyt@vt.edu>, Betsy Taylor <betsy.taylor@gmail.com>, Brian Sanson <bsanson@umwa.org>, Daniel Dudis <ddudis@citizen.org>, Danielle Brian <dbrian@pogo.org>, David Chambers <dchambers@csp2.org>, Isabel Munilla <imunilla@oxfamamerica.org>, Jana Morgan <jmorgan@pwypusa.org>, Jennifer Krill <jkrill@earthworksaction.org>, Keith Romig <kromig@usw.org>, Lynda Farrell <lynda@pscoalition.org>, Michael Ross <mlross@polisci.ucla.edu>, Neil R Brown <neil@neilrobertbrown.com>, Paul Bugala <pbugala@gmail.com>, Rebecca Adamson <radamson@firstpeoples.org>, Zorka Milin <zmilin@globalwitness.org>, Michael Levine <mlevine@oceanconservancy.org>

Cc: "Cassidy, John Kenneth (US - Arlington)" <jocassidy@deloitte.com>, "Mennel, John (US - Arlington)" <jmennel@deloitte.com>, "Hawbaker, Luke Malcolm (US - San Francisco)" <lhawbaker@deloitte.com>, Mia Steinle <msteinle@pogo.org>, Emily Hague <hague@api.org>, "Norfleet, Charles" <charles.norfleet@boem.gov>, Judith Wilson <judith.wilson@onrr.gov>, Robert Kronebusch <robert.kronebusch@onrr.gov>, Nathan Brannberg <nathan.brannberg@onrr.gov>, Jennifer Malcolm <jennifer.malcolm@onrr.gov>, Chris Mentasti <chris.mentasti@onrr.gov>, Katie Sweeney <ksweeney@nma.org>, Ryan Winzenburg <ryan.winzenburg@onrr.gov>

Date: Thu, 14 Sep 2017 08:52:52 +0000

---------- Forwarded message ----------
From: **Jonas Moberg** <secretariat@eiti.org>
Date: Thu, Sep 14, 2017 at 3:19 AM
Subject: National Secretariat Circular - September 2017
To: USEITI Secretariat <useiti@ios.doi.gov>

Message from the EITI International Secretariat

View this email in your browser

National Secretariat Circular - September 2017

National Secretariat Cicular September EN

Click on the image to view the message on YouTube.

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Regards,

USEITI Secretariat
202-208-0272 voicemail

Table of Contents

1. Implementation portal launched!

The International Secretariat has launched an online guide on implementing the EITI Standard. The portal is for you and your MSGs. It aims to pull the relevant guidance material per requirement into one place. Guidance on the portal can be easily found using the ctrl + f search function. We also suggest that you save the portal to your 'favourites' on your computer.

The portal can be reached under eiti.org/guide and will replace eiti.org/guidance (which currently lists all guidance notes).

The portal is a *work in progress* and new examples and links will be added as we go. Feel free to get in touch with Victor (vponsford@eiti.org) if there is anything you wish to have added, or have other input on how the portal can be improved.

Translation of the portal will be completed early next year. For the time being, we will keep eiti.org/guidance in French, Spanish and Russian until the translations are ready.

A screen shot from the front page of the portal - use ctrl + F to easily and quickly search the guide.

2. Validation update

As we highlighted in our latest newsletter, the results from the first 13 Validations are now publicly available. Board decisions on **Norway** and **the Philippines** are expected shortly, with six more cases (**Honduras**, **Iraq, Niger**, **Mozambique**, **Tanzania** and **Zambia)** to be considered at the next EITI Board meeting in October.

In 2016 the Validation procedure was significantly revised. You can find an overview of the procedure here, including a guidance note on preparing for Validation. The independent Validator in 2016 - Sustainable Development Strategies Group (SDSG) – has published a summary of their work here. We will be publishing some further reflections and analysis in the coming weeks.

In some cases, Validation has been controversial. The Validation of requirement 1.3 regarding civil society participation has been a key focal point in several cases. Validation has also highlighted weaknesses with EITI work plans, MSG governance, EITI reporting and follow-up. In each case, the Board has agreed a set of corrective actions and a timeline for a new Validation. In some cases, the corrective actions can be addressed relatively quickly. Some MSGs are considering supplementary reports to address these issues. Others are planning to address the corrective actions in the next round of EITI Reporting.

A key strength of the new Validation system is that the lesson learned from Validation are improving the quality of the support from the International Secretariat. The Implementation portal (see above) is being updated to highlight good examples and address common challenges.

Validation has been an opportunity for stakeholders to step back and consider the impact of the EITI. Is the EITI revealing unpaid taxes? Is it unearthing waste and corruption? Has it identified opportunities for reform, and priorities for strengthening government systems?

Validation also considers opportunities to add value in the future. As more Validations are completed in the coming months, we expect to see more of this. National secretariats are focusing on "getting the reporting right" but also thinking more widely about "making the right use of the reporting".

3. Update on the BO Transparency Conference - "Opening up ownership – sharing practice, building systems"

You will remember us highlighting the upcoming Beneficial Ownership Transparency Conference for practitioners "Opening up ownership – sharing practice, building systems" through the June newsletter. The Conference is set to take place on 23-24 October in Jakarta, Indonesia. We are set to have President Joko Widodo open the Conference on Day 1. Detailed information about the Conference programme, workshops, session themes and attendees is available through the official Conference app here: https://eventmobi.com/eiti17/

While the Secretariat will be funding only limited number of participants per implementing country, **we invite you to nominate self-funded participants from your countries by 20 September 2017**. Please get in touch with Shemshat Kasimova should you need further detail about the Conference and its registration.

4. Beneficial ownership 2017 factsheet now online

The beneficial ownership factsheet has been updated in English, French and Russian and can be downloaded from eiti.org.

5. Welcome to new National Coordinators

The EITI International Secretariat would like to take this opportunity to welcome new National Coordinators to the EITI family. Farhan Abdulrahman from Afghanistan, Lilya Shushanyan from Armenia, Patricia Gamba from Colombia, Julio Contreras, Vice-Minister of Energy and Mines for Guatemala, Rudy Jadoopat Minister of Natural Resources for Guyana, Bernardo Lesse from Mexico and U Soe Win from Myanmar. Further information is available on the country pages (see section "contacts) of the EITI website.

6. EITI Chair Beneficial ownership progress award at the Jakarta conference

We are currently updating the EITI Board, website and international partners with information on progress on beneficial ownership in the 52 EITI countries and are seeking your input. The EITI Chair, Fredrik Reinfeldt, is planning to use the information to consider an award on the best performing EITI country in beneficial ownership disclosure. The information will also feature in a publication focusing on the EITI's progress in disclosing beneficial ownership in the extractives which will, amongst other uses, be distributed at the Jakarta Conference on Beneficial Ownership.

We are looking for around 200 words that address the following points:

- What is your government doing on beneficial ownership disclosure? You may want to mention any public commitments, legal reforms, BO registers being created, data collection in the latest or upcoming EITI report, etc.
- Has there been any increase in public debate on beneficial ownership disclosure as a result of your activities?
- What challenges have you run into and how are you addressing them? You can mention reporting issues or reactions that have slowed progress.
- Does beneficial ownership disclosure only cover extractives in your country?
- Are there any significant developments in your beneficial ownership disclosure work that you want to highlight?
- What benefits does your government see in greater beneficial ownership disclosure?

Please provide the wording by e-mail to vponsford@eiti.org by 12 September.

7. MSG governance

Multi-stakeholder governance is challenging. Over the years, you have shared with the International Secretariat some of the issues that you have faced. Validation of course has also revealed some challenges that many of you are currently working on. As we mentioned in our National Secretariat Circular back in May, the EITI Board discussed some of these challenges at its meeting in Oslo in May of this year and we were asked to work together with you to bring some clarity to these issues. We therefore seek your views to better understand your practices concerning:

- Challenges in meaningful constituency engagement in MSGs
- Challenges in national EITI organisational governance structures, protocols and practices
- Challenges with per diems

We are therefore inviting you to read the summary at the end of this e-mail on the Board's discussion and to join us for a webinar discussion in your regional groups on the following dates and times:

- Region 1: Eurasia/MENA: Monday 18 September, 0830 Eastern Standard Time/1430 Oslo time
- Region 2: Southeast Asia/Asia Pacific: Monday 25 September 0900 Indonesia time/0400 AM Oslo time

- Region 3: Africa I (Anglophone/Lusophone Africa): Monday 18 September, 1030 Eastern Standard Time /1630 Oslo time
- Region 4: Africa II (Francophone West Africa): Tuesday 19 September 0830 Eastern Standard Time /1430 Oslo time
- Region 5: Africa III (Francophone Central Africa): Thursday 19 September, 1030 Eastern Standard Time /1600 Oslo time
- Region 6: Europe and Americas: Monday 18 September 1400 Eastern Standard Time /2000 Oslo time

The consultation calls will be facilitated, under the overall guidance of Regional Group leadership, by Michele Ferenz of the Consensus Building Institute (CBI), an independent expert in multistakeholder dialogue and decision-making. For more information on her and CBI, please see http://www.cbuilding.org/about/bio/michele-ferenz-0.

8. EITI.org website code now available on GitHub

If you are thinking about building a new EITI website, or updating your existing one, you can now draw on our website code.

We have published the code of the website on GitHub, a code hosting platform that website developers use for version control and collaboration when they work on a website. Here's the link to the EITI's folder: https://github.com/EITIorg/eiti

It is crucial when building your website that you design it based on your users' needs. More guidance on EITI websites will follow.

Publishing our code means that you can have a website that looks like eiti.org but with your own country content. Access to the code might be useful to mention when you are negotiating contracts with developers to point that our website code is free to use.

The website itself was built by Development Gateway and is licensed under the GNU General Public License v3.0.

Other organisations have made their work available, such as 18F for their US EITI data portal: https://github.com/18F/eiti-data.

9. Commodity trading and guidance on oil sales

Reporting guidance on the 'first trades' in oil has been developed by the EITI working group on commodity trading (which consists of representatives from EITI countries, state-owned companies, international traders and civil society). This guidance is now available on our website (https://eiti.org/GN26) and aims to inform decisions regarding scope and reporting options for countries that report on the sale of the state's share of production or other revenues collected in kind. The guidance includes options for commodity sales reporting, details on types of in-kind revenues, types of sales, contextual information and reporting and disclosure mechanisms, and provides a sample reporting template that countries or SOEs may consider adapting for their reporting. While parts of the guidance are relevant for all commodities, further guidance on sales of gas and minerals will be developed.

For more details about EITI's work on commodity trading and progress made by countries including **Albania, Ghana, Indonesia and Nigeria**, please see https://eiti.org/commodity-trading.

10. Macro-Statistics for Natural Resources: IMF and EITI Cooperation

The EITI's ongoing collaboration with the IMF concerning the GFS codes used in the summary data template and certain national accounts-based contextual data was recently documented in a joint power point presentation (available here). National coordinators and MSGs may use this presentation in their training and communication efforts to promote a better understanding of how EITI data fits into broader national and international statistical systems and to encourage closer collaboration between EITI national secretariats, ministries of finance (for GFS) and national statistical offices (for national accounts).

11. Civil society seeks representatives for the EITI International Board

The Selection Criteria and Process of Civil Society

Publish What You pay has asked us to enclose the below information for you to pass to colleagues in civil society. Publish What You Pay (PWYP) serves as a coordinating body for the nominations process for civil society. As per the governance structure of PWYP, the Global Council is responsible for developing the criteria as well as establishing the composition of the small independent Nominations Committee.

The Nominations process for the 2016-2019 Board was conducted in January 2016 and the report of Nominations Committee can be read here. Mrs. Wendy Tyrrell, Non-Executive Director of the Australian Transparency International chapter, has resigned from her role at Transparency International – Australia due to a busy schedule and is therefore also stepping down prematurely from her alternate position on the EITI Board. In consequence, the civil society constituency is launching a new call for applications to fill this newly vacant EITI Board position. Please note that the selected candidate will be an ALTERNATE to Dani Kauffmann, Executive Director of the Natural Resource Governance Institute. Her/his term will end in 2019 at the EITI Global Conference but s/he will have the possibility to apply for a second term.

It is important to note that applications are welcome from representatives of all civil society organisations who meet the criteria. Women are especially encouraged to apply as well as representatives from organisations working directly with extractive communities. The process will be based on merit.

Read more

Useful links

- View past issues of the National Secretariat Circular
- Overview of decisions taken by the Board
- On Validation:
  - Validation schedule and decisions taken: lists all countries, when their Validation starts and for completed ones, what the result is with links to their results page
  - Overview of Validation: what it means and what the procedures are. Includes links to the files listed below and more.
  - Infographics on Validation process and procedures: attached are some images, powerpoint slides that illustrate the validation process visually
  - Pre-Validation self-assessment booklet: test yourselves! Go through the questions that will be asked during Validation ahead of time
- The EITI Standard Requirements on a web page and updated to reflect recent changes regarding beneficial ownership (currently updated in English and French).
- Have you seen our publications library? You can use the filters on the left to:
  - View all EITI Reports
  - The latest annual progress reports
  - See all open data policies
  - Or all beneficial ownership roadmaps

You can use the filter options on the left if you want to narrow your search to a country or a certain time period.

Find contact details of National Coordinators from other countries
On the bottom of all the country pages we list the national coordinators and their contact email. See for example the National Coordinator of Suriname, our newest member: https://eiti.org/suriname#contacts

Annex: Common governance challenges in EITI implementing countries

Table of Contents

1. Introduction

Although multi-stakeholder governance can be challenging at the best of times, many EITI multi-stakeholder groups (MSGs) function well. Nevertheless, at the International Secretariat we sometimes hear from members of MSGs around the world that the dialogue within and around the MSG can be tense. In some countries, tense dialogue may be a consequence of good dialogue between stakeholders, as the group may be discussing difficult things that matter. In other cases, we are told, tense dialogue reflects underlying challenges that make the MSG less impactful or maybe even dysfunctional.

Many countries have recently undergone Validation under the EITI Standard, and initial results show that Requirement 1.4 on MSG governance is often not met for a variety of reasons. There are examples of well-functioning and ambitious MSGs without many rules. There are also examples of MSGs with extensive procedures and protocols that appear to function less well, and everything in between.

The Board was introduced to some of the common governance challenges in EITI implementing countries at its last Board meeting in May 2017. These include a lack of constituency engagement; MSG members who do not inform, consult nor engage their constituents; the challenge of a small group of persons serving on MSGs for a long time; how to ensure appropriate accountability of national secretariats; and the practices of per diems or other forms of payments to MSG members. Implementing countries and regional groups are invited to also consider these challenges along with potential solutions.

2. MSG governance in implementing countries – a brief overview

The Articles of Association sets out the governance structure of the international body. In implementing countries this is meant to be set out in terms of reference (TORs) that countries need to agree to. Requirement 1.4 sets out the minimum provisions that TORs should address but, otherwise, leaves it up to implementing countries to set up a structure that is most suitable for their own circumstances. This approach was adopted to ensure in-country ownership and avoid bureaucracy. In most cases, it has shown itself to be both robust enough to adequately support implementation and flexible enough to allow for a broad spectrum of solutions.

Box 1: Requirement 1

Requirement 1 in the EITI Standard concerns multi-stakeholder governance. The summary of Requirement 1 reads: "The EITI requires effective multi-stakeholder oversight, including a functioning multi-stakeholder group that involves the government, companies, and the full, independent, active and effective participation of civil society. The key requirements related to multi-stakeholder oversight include: (1.1) government engagement; (1.2) industry engagement; (1.3) civil society engagement; (1.4) the establishment and functioning of a multi-stakeholder group; and (1.5) an agreed work plan with clear objectives for EITI implementation, and a timetable that is aligned with the deadlines established by the EITI Board."

Most governments set up a national secretariat of some kind to support the MSG with the day-to-day work of implementation, however this is not required by the Standard. In Norway, for example, there is neither a formal secretariat nor a national coordinator, and the MSG's secretary functions as the point of contact between the MSG and the International Secretariat. In Nigeria, by contrast, the National Secretariat is a government agency constituted by law and with a staff of over 50 people. Most member countries have a set up somewhere between these two points depending, amongst other things, on the size of their sectors, their budget and other national circumstances.

The EITI's 2015 Governance Review[1] gave relatively little attention to EITI governance at the national level. However, a 2015 report by MSI Integrity looked at the governance structures in 40 implementing countries and concluded that "while several countries have adopted some innovative governance practices" there were numerous examples of "significant shortcomings of multi-stakeholder governance".[2] Furthermore, the first group of Validations under the EITI Standard have shown that most countries are struggling to comply with Requirement 1.4. This is discussed in further detail in the next section.

3. Findings of the Validation process

Results from the first group of Validations under the EITI Standard show that implementing countries often struggle to comply with the EITI's requirements on MSG oversight and particularly with Requirement 1.4 on MSG governance. Of the twelve implementing countries that have undergone Validation to date, only one – Ghana – has demonstrated satisfactory progress on requirements 1.1 through 1.5. Two countries have demonstrated challenges with government engagement (Kyrgyz Republic and Solomon Islands), three have demonstrated challenges with industry engagement (Timor-Leste, Tajikistan, and Solomon Islands), five have challenges with civil society engagement (Mongolia, Nigeria, Timor-Leste, Tajikistan and Solomon Islands), seven have shown challenges with the workplan (Nigeria, Peru, Solomon Islands, Mauritania and Sao Tome and Principe, Liberia, Mali). Only four countries that have been Validated so far showed satisfactory progress on MSG Governance (Mongolia, Peru, Tajikistan and Ghana). These findings are summarized in the Table 1 below.

4. An overview of common challenges

Challenges concerning constituency engagement, national governance structures and per diems are defined as the most common governance challenges in EITI implementing countries.

4.1 Challenges concerning constituency engagement

One of the biggest challenges to meeting the requirements is the **absence of effective engagement from one or more key constituencies**. The first group of Validations under the Standard have shown that some countries struggle to keep all three constituencies actively engaged with the EITI process. This challenge can take many forms:

1. Low participation in the meetings, often because MSG members often face challenges of meeting regularly due to multiple commitments or because they do not find it a good use of time.
2. MSG meetings are not held sufficiently frequently to make progress.
3. MSG members are frequently reshuffled or there is no consistency of representation. This is especially common among government representatives on the MSG but also within other constituencies.
4. Representatives do not inform, consult and engage with their wider constituency.

Box 2: Constituency engagement is important
If decisions cannot be said to have been taken by all the stakeholder groups, not only it is a structural and procedural problem for the EITI, the quality of the discussion also obviously suffers. In at least one case, Nigeria, this led the national secretariat to take on aspects of the advocacy role of civil society activists which, in turn, has opened them up to allegations of overreaching. In establishing the EITI MSG in the United States, the U.S. government with the help of a neutral facilitator conducted extensive public outreach with stakeholders to understand the composition of the EITI stakeholders in the U.S, what types of people and organizations could represent them, and how to best form a MSG. This included public listening sessions in places where resources

extraction occurs and/or where extractives companies are headquartered, a webinar to reach stakeholders throughout the country who could not attend in-person sessions, workshops, and inviting public comments. Further information is available from http://www.doi.gov/eiti/index.cfm.

4.2 Challenges concerning national governance structures

Requirement 1.4.b.vi requires that MSGs set out in a Terms of Reference **how constituencies will change their representatives on the MSG** but leaves it up to national stakeholders to agree a process that is suitable for their circumstances.

Most countries have set up structures within the government (or, more rarely, quasi-independent from – but funded by – the government) that provide adequate support to MSGs for implementation. As part of the idea of national ownership, countries deploy varying mechanisms to hold national secretariats and coordinators to account. These are of varying success. In several implementing countries, the absence of clear constituency guidelines has led to acrimonious disagreements within constituencies. The national secretariat is often asked to intervene and increasingly the parties have reached out to the international secretariat to arbiter.

In many implementing countries, there is a lack of accountability for MSG representatives and for the national secretariats. There have been cases of MSG members being unwilling to step down after a long period. The most acrimonious cases where the International Secretariat has been consulted generally relate to divisions within the civil society constituency where one group has contested the legitimacy of another to be represented on the MSG. This has occurred even in countries with well-developed and capacitated civil society. Term lengths vary from country to country. A typical MSG term is two to three years (e.g. Indonesia, the Philippines, and Timor-Leste). However, processes for changing and/or removing representatives often do not exist, are not clear or are not being followed.

Box 3: The example of the Philippines

The Government of the Philippines committed to implement the EITI in July 2012 and formed their multi-stakeholder group during the following six months following clear procedures. This process is documented in detail in the candidature application: https://eiti.org/document/2013-philippines-eiti-candidature-application. The Terms of Reference of the Philippines EITI MSG is available from http://ph-eiti.org/document/TOR.pdf. According to these ToRs, each constituency group can change their members according to their own governance rules.

Similarly, some national coordinators do not have term limits nor are they subject to regular performance appraisals. There have been suggestions that some national coordinators exert an inappropriate control over what issues are raised at MSG meetings. In other cases, there is little or no information publicly available about the national secretariat and there are examples of countries where the number of people working in the national secretariat, the secretariat's organigram and their budget are not known to the public, to the International Secretariat and, in some cases, to the MSG.

4.3 Challenges concerning per diems

An important concern is the appropriate levels of per diems, sitting allowances or other forms of compensation to participants in meetings or engagements. These forms of compensation can fulfil an important role in ensuring that all participants can engage fully in the process. There are of course legitimate reasons why some countries offer per diems to cover incidental costs by MSG members, and it is natural that national circumstances will affect the rates of per diems across the 52 countries that currently implement the EITI. However, high per diem policies are having a corrosive effect on MSG governance in some implementing countries.

In some implementing countries, high per diems lead MSGs to hold meetings more often than necessary and to conclude on fewer issues than they would otherwise. Implementing countries decide for themselves how often they should meet, and practice varies widely across countries. Most MSGs meet regularly, for example every quarter, and create working groups to address specific issues between meetings. In countries with high per diems, MSGs often meet as regularly as once a month irrespective of the issues for discussion.

High per diems in some countries can give the appearance that EITI Office Holders place their own self-interest above that of the EITI. The combination of high per diems and regular meetings means that in some implementing countries, participation in the EITI can lead to substantial benefits for MSG members. In one particularly grievous example, the compensation received by each MSG member per meeting is almost equivalent to the country's average yearly income per capita and amounts to an estimated USD 6,000-9,000 in per diems over the course of one year.

The EITI is often implemented in countries where there is little trust between and within constituencies. There are numerous examples where implementation of the Standard has led to increased trust between stakeholders. There are also examples of countries where high per diems have led to a breakdown of relationships as stakeholders have publicly questioned the motivation of their representatives on the MSG. High per diems can also make MSG members less inclined to be accountable to their constituencies and remain on the MSG for longer than may otherwise be justified. High per diems can also make MSG members have a desire to please the national coordinator, as he or she often can influence the level of the per diems and the frequency of meetings.

The EITI Standard does not stipulate a policy on per diems, however the 2016 Global Conference in Lima modified Requirement 1.4.b in the EITI Standard to include a requirement that "where the multi-stakeholder group has a practice of per diems for attending EITI meetings or other payments to multi-stakeholder group members, this practice should be transparent and should not create conflicts of interest".

Article 9 in the EITI Code of Conduct states that EITI Office Holders (which includes MSG members and national secretariat staff) should "avoid placing (and avoid the appearance of placing) one's own self-interest or any third-party interest above that of the EITI; while the receipt of incidental personal or third-party benefit may necessarily flow from certain EITI-related activities, such benefit must be merely incidental to the primary benefit to the EITI and its purposes. Any per diems set, paid or obtained should be based on reasonable actual costs and good international practice".

Box 4: The EITI Code of Conduct on per diems
In establishing reasonable actual costs and good international practice, stakeholders may wish to consult the practices of the International Secretariat. When the Secretariat provides per diems (which it does not provide its staff), it has drawn on a number of different sources to calculate rates. Previously it followed US Department of State's foreign per diem rates (http://aoprals.state.gov/content.asp?content_id=184&menu_id=81).
"In establishing per diems, national laws and regulations should of course be adhered to."
EITI Code of Conduct

[1] https://eiti.org/document/review-of-international-governance-oversight-of-eiti

[2] http://www.msi-integrity.org/assessing-eiti-msg-governance/.

RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

From: "Carlson, Curtis" <"/o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Horowitz, John" <john.horowitz@treasury.gov>
Date: Tue, 26 Sep 2017 14:43:47 +0000

We are going to be a supporting country. There was no way we could get validated because we can't disclose taxpayer info without their approval and a lot of firms didn't want tax data to be released. Not really a political call as much as the fact we weren't going to be deemed compliant. I don't know if they have made a public announcement yet but it won't be a surprise.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
[redacted]
curtis.carlson@treasury.gov

From: Horowitz, John
Sent: Tuesday, September 26, 2017 10:40 AM
To: Carlson, Curtis
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

I guess you could email Carol Cohen/Sean Suter and give them the State contact, although surely they have that by now? I was out of town and didn't get this til this morning.

We are withdrawing? Someone actually made a decision on this? I wonder if there are implications for fossil fuel subsidy reform.

From: Carlson, Curtis
Sent: Tuesday, September 26, 2017 10:36 AM
To: Horowitz, John
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

First I have heard about this.

Give that we are withdrawing would seem hard to criticize others. I know the State person if they want a contact.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
[redacted]
curtis.carlson@treasury.gov

From: Horowitz, John
Sent: Tuesday, September 26, 2017 10:33 AM
To: Carlson, Curtis
Subject: FW: New EBRD info session on Southern Gas Corridor projects - Sep 20

Are you plugged in to this?

From: [redacted]
Sent: Wednesday, September 20, 2017 3:51 PM
To: [redacted]; Horowitz, John
Cc: Johnston, Richard
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Hi [redacted]
Not really. Copying [redacted] in case he has lately, and John in Tax Policy who had some interaction on EITI stuff in the past.
Thanks,
[redacted]

From: [redacted]
Sent: Wednesday, September 20, 2017 3:16 PM
To: [redacted]@treasury.gov>
Cc: [redacted]@treasury.gov>
Subject: FW: New EBRD info session on Southern Gas Corridor projects - Sep 20

Hi [redacted] – is this something your office would be tracking, and have any input on?
Thanks,

[redacted]

From: [redacted]
Sent: Sunday, September 17, 2017 2:11 PM
To: McCauley, Brian <mccauleb@ebrd.com>; Hamilton, James <HamiltonJN@state.gov>; [redacted] <[redacted]@treasury.gov>; [redacted]@treasury.gov>; [redacted] <[redacted]@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; [redacted] <[redacted]@treasury.gov>
Cc: Plowden, Marisa <PlowdenM@ebrd.com>; Severens, Alex <Clarence.Severens@treasury.gov>; [redacted] <[redacted]@treasury.gov>; Senseney, Celine <csenseney@adb.org>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Jim - Could you ask whoever covers EITI for State about my question on EITI below? Has there been an update on the US position you shared in June/July?

What is the U.S. position on the Commission on Transparency in EI that GoA set up in lieu of EITI membership? Have we sent an observer to the commission's meeting?

The presentation is Wednesday in London, so a response by Tuesday COB would be helpful.

Thanks.

From: [redacted]@treasury.gov>
Date: September 17, 2017 at 4:43:13 AM EDT
To: [redacted]@treasury.gov>, [redacted]@treasury.gov>, Hamilton, James <HamiltonJN@state.gov>, Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>, [redacted] <[redacted]@treasury.gov>, [redacted]@treasury.gov>, McCauley, Brian <mccauleb@ebrd.com>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>, [redacted]@treasury.gov>, Plowden, Marisa <PlowdenM@ebrd.com>, Senseney, Celine <csenseney@adb.org>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Sean -- I haven't focused on the EITI issues. I'm more focused on additionally when it comes to MDB projects in the countries I cover.

--Rich

From: [redacted]@treasury.gov>
Date: September 16, 2017 at 2:06:12 AM GMT+2
To: [redacted]@treasury.gov>, Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>, [redacted]@treasury.gov>, [redacted]@treasury.gov>, [redacted]>, McCauley, Brian <mccauleb@ebrd.com>, Hamilton, James <HamiltonJN@state.gov>
Cc: [redacted]@treasury.gov>, Plowden, Marisa <PlowdenM@ebrd.com>, Severens, Alex <Clarence.Severens@treasury.gov>, Senseney, Celine <csenseney@adb.org>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Rich – What is the U.S. position on the Commission on Transparency in EI that GoA set up in lieu of EITI membership? Did we send an observer?

Brian / Marisa – I looked through the presentation and it provides more information on the SGC and the overall planned participation of the EBRD than what I remember from the earlier presentation. The additional transparency should be welcomed. Broadly, the United States supports the SGC for geopolitical reasons, but another two rounds of MDB financing for SGC is a bit ridiculous and I think we should make clear that we need to see the EBRD being additional. A few potential points to make:

- Push Management on when BP will release the remaining parts of the ESMP. I'd recommend taking them to task if they still haven't come through since this summer's vote on Lukoil. As background, at the fall 2016 Bank/Fund SOFAZ chairman Movsumov told Marisa Lago that he would talk to BP about releasing the necessary documents.
- Ask for more information about what the EBRD getting is getting in return for the proposed loan to SGCC (slide 12)? We should press the EBRD to be receiving additional aspects of TI for each round of financing that are part of a coherent transition / development plan not simply one-off promises each time a consortium participant needs money for a cash call. The following are a few points on some of the EBRD attributes:
    - The EBRD should push the use of inclusive value chains to increase the participation of local, private businesses and job creation wherever possible.

- TANAP has already received financing from the World Bank, so is subject to WB safeguards and monitoring. How is the independent E/S consultant for TANAP additional?
- What gaps have been identified in SGCC corporate governance that require EBRD to implement a Compliance Action Plan?
- Provide additional details on the implementation of policy dialogue in the Azerbaijan power sector (slide 19)? GoA announced its broader reform agenda at the end of 2016 (slide 19). In 2016, the ADB Board approved a $750 million multi-tranche facility for power transmission. How does the EBRD plan to complement the work of other MDBs? What systemic change will occur at the local level in country as a result of the policy dialogue?
- The training of 1,550 teachers in local Turkish schools and the tourism opportunities are great, but how is this connected to the project and did this result from an EBRD intervention?

* Both the potential TANAP and TAP loans have 18-year tenors. These loans will tie up a significant amount of capital and staff time for the EBRD that could be used to develop projects elsewhere with higher transition impact.
* Slide 9 mentions that the EBRD is exploring a number of other gas infrastructure projects. Similar to above, I worry that the EBRD is involving itself too heavily in the European gas infrastructure and is not truly additional. While I cannot find any U.S. public position the projects referenced, is the EBRD the appropriate vehicle to support these projects? Is sufficient private financing not available?

Alex also included SGC as something worthwhile for Geoffrey to raise with EBRD management during his visit. Not top priority, but I've sent Steve a few bullets and background for Geoffrey's briefer.

From: [redacted]
Sent: Wednesday, September 13, 2017 6:39 PM
To: [redacted]@treasury.gov>; [redacted]@treasury.gov>; [redacted]@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>; [redacted]@treasury.gov>; cguest@worldbank.org; Hamilton, James <HamiltonJN@state.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; [redacted]@treasury.gov>; Senseney, Celine <csenseney@asdb.org>; Plowden, Marisa <PlowdenM@ebrd.com>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Will do. Doug, could you please forward the EBRD slides to me?

From: [redacted]
Sent: Wednesday, September 13, 2017 6:17 PM
To: [redacted]@treasury.gov>; [redacted]@treasury.gov>; [redacted]@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>; [redacted]@treasury.gov>; cguest@worldbank.org; Hamilton, James <HamiltonJN@state.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; [redacted]@treasury.gov>; Senseney, Celine <csenseney@adb.org>; Plowden, Marisa <PlowdenM@ebrd.com>
Subject: Re: New EBRD info session on Southern Gas Corridor projects - Sep 20

Sean -
Per our discussion earlier today, would you take the lead on this for us?
-ddw

From: McCauley, Brian <mccauleb@ebrd.com>
Date: September 13, 2017 at 1:07:56 PM EDT
To: Hamilton, James <HamiltonJN@state.gov>, [redacted]@treasury.gov>, [redacted]@treasury.gov>, cguest@worldbank.org <cguest@worldbank.org>, [redacted]@treasury.gov>, Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>, [redacted]@treasury.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>, Plowden, Marisa <PlowdenM@ebrd.com>, Senseney, Celine <csenseney@adb.org>, [redacted]@treasury.gov>
Subject: New EBRD info session on Southern Gas Corridor projects - Sep 20

OFFICIAL USE

Hi all,

Please find attached the agenda and slides for a new info session on the Southern Gas Corridor projects that will take place next Wed, Sep 20.

Note that the first part of the session will include a presentation by the Executive Director of SOFAZ and the Chairman of the Commission on Transparency in Extractive Industries, and he'll be accompanied by the General Director of the Southern Gas Corridor Company. They'll then leave before directors and Management turn to the rest of the presentations.

We'd welcome any comments/questions in advance.

Thanks,

Brian

From: [redacted]@treasury.gov [[redacted]@treasury.gov]
Sent: 02 June 2017 21:31
To: McCauley, Brian; [redacted]@treasury.gov; cguest@worldbank.org; [redacted]@treasury.gov; USA - Stephan Vitvitsky; Evangelia.Bouzis@treasury.gov; HamiltonJN@state.gov
Cc: USA - [redacted]; [redacted] Plowden, Marisa; [redacted] Sambasivam, Richard; csenseney@adb.org; Clarence.Severens@treasury.gov; USA - Steve Donovan
Subject: RE: EBRD info session on Southern Gas Corridor and EITI

EBRD SECURITY NOTICE: BE AWARE! THIS EMAIL ORIGINATED FROM OUTSIDE THE BANK.

Hi Brian,

Sorry for the delay. My view is that the tone is still the same – SSGC is still of vital importance but we remain focused on the E&S diligence of the overall project. I too am curious what this dilemma is that they speak of on adhering to EITI principles (note that most of the developing countries voiced concern, most likely bc of the reporting burden but the transparency objectives are clearly important and should be preserved). In addition to following up on how the EBRD will push for more CSO engagement, also ask why EBRD now has a change of heart and are preparing a $100 M deal for Lukoil (when incidentally would that come to the Board?)

Welcome views from others.

From: McCauley, Brian [mailto:mccauleb@ebrd.com]
Sent: Friday, June 02, 2017 4:01 PM
To: [redacted]; Christopher Colin Guest; [redacted]; Vitvitsky, Stephan; Bouzis, Evangelia; Hamilton, James N
Cc: [redacted] Plowden, Marisa; [redacted] Sambasivam, Richard; Senseney, Celine
Subject: Re: EBRD info session on Southern Gas Corridor and EITI

Just circling back in case there are any comments before the board info session on Mon.

Thanks,
Brian

From: McCauley, Brian
Sent: Tuesday, 30 May 2017 20:07
To: [redacted] Christopher Colin Guest; [redacted] USA - Stephan Vitvitsky; Lea Bouzis; Hamilton, James N
Cc: USA - [redacted]; Plowden, Marisa; [redacted] Sambasivam, Richard; Celine Senseney
Subject: Fw: EBRD info session on Southern Gas Corridor and EITI

Hi all,

Apologies to anyone who already received this message already, but an IT problem prevented the message from reaching the Treasury recipients.

Thanks,
Brian

From: McCauley, Brian <mccauleb@ebrd.com>
Sent: Tuesday, 30 May 2017 15:09
To: C. Colin Guest; [redacted]@treasury.gov; [redacted]@treasury.gov; [redacted]@treasury.gov; USA - Stephan Vitvitsky; hamiltonjn@state.gov; Evangelia Bouzis
Cc: [redacted] Sambasivam, Richard; Plowden, Marisa; csenseney@adb.org; [redacted] USA - [redacted]
Subject: EBRD info session on Southern Gas Corridor and EITI

OFFICIAL USE

Hi all,

Next Mon EBRD Management will hold a board info session on the Southern Gas Corridor (SGC) projects and EITI developments in its COOs (slides attached). I'm also attaching a recent letter CSOs sent the Bank regarding EITI issues in Azerbaijan.

On the back of the Apr discussions at the WB, summarized below by Colin, I wanted to seek input before next week's discussion here, in particular the tone we should strike (e.g., general agreement on strategic importance of SGC and the importance of Azerbaijan delivering on its commitments to uphold EITI principles, but continued issues around E&S matters have consistently hampered our ability to support).

- Similar to what WB Management said, EBRD Management believe that by continuing to engage in the Azeri oil and gas sector, even if just under the Azeri's new system of commitment to EITI principles, the Bank can support progress of CSO engagement and beneficial ownership. Would like to press for more details on the Bank's support.
- Presentation mentions an EITI reform paper addressing the dilemma of how far EITI should go in providing safeguards to CSOs; says EBRD and WB will have chance to comment on paper. Curious to learn more about this "dilemma."
- The WB presentation touched upon SGCC's continued access to international capital markets post-EITI withdrawal, but there is nothing new in the EBRD paper on SGCC or SOCAR's market access or other macro developments in Azerbaijan, and any impacts on the proposed projects.
- Note the ongoing discussions with BP regarding the release of additional ESMPs linked to Shah Deniz II. Can ask for likelihood of those talks getting anywhere before the first of the SGC projects comes to the EBRD Board (TANAP likely to come first in late-Q3 or Q4 2017).
- Whenever asked in 2016 about the possibility of additional financing for Shah Deniz II, Management always said that was not something the Bank was considering, in part given existing exposure to the project. The Bank is now considering an additional $100 M to Lukoil, and mobilizing $300 M from commercial banks. However, there isn't any explanation behind the Bank's change of position, nor mention of how much exposure to the overarching suite of SGC projects the Bank is comfortable with.

Thanks,
Brian

From: C. Colin Guest [mailto:cguest@worldbank.org]
Sent: 17 April 2017 21:43
To: (b)(6) [redacted] @treasury.gov; McCauley, Brian; (b)(6) [redacted]; USA - (b)(6) [redacted]; (b)(6) [redacted] @treasury.gov; (b)(6) [redacted] @treasury.gov; USA - Stephan Vitvitsky; hamiltonjn@state.gov; Reich, Nathan M; Snyder, Carla E; Silkworth, William R; Stein, Daniel D; Watson, Micah L
Subject: World Bank TANAP briefing readout

EBRD SECURITY NOTICE: BE AWARE! THIS EMAIL ORIGINATED FROM OUTSIDE THE BANK.

Hi all,
Apologies for the delay in getting this out! The TANAP update last week went as expected, in that IBRD/MIGA will take no measures to impede the loan or guarantees due to Azerbaijan's withdrawal from EITI. Key takeaways below – the meeting was long, but fairly short on substance. For reference, I've attached the Board paper used for the meeting that contains the GoAz decree and other info. For those interested, I've also attached a scan of a presentation we received last week from the CEO of the SGC Closed Joint Stock Company (the Azerbaijani SPV that is implementing their part of TANAP and other SGC components) – some good data in the first half, and way too many project photos in the second half. Thanks and please let me know whether you have any questions!
Colin

- Unanimous Board support for continuing both projects, and broad support for the signals the GoAz sent with its decision to establish a new, domestic extractive industry transparency commission that would use the same indicators, reporting requirements, and principles as EITI, though many European chairs expressed disappointment with Azerbaijan's decision to withdraw.
- Management provided a broad and vague commitment to continue supporting "vigorous CSO engagement" in Azerbaijan post-EITI.
- Despite lots of pre-meeting saber-rattling among Board advisors, there were only very mild expressions of disappointment towards Bank management for inaccurately assessing Azerbaijan's EITI position and then failing to follow through on its promise to keep the Board informed of developments.
- With varying degrees of tact, India, Saudi, and other representatives expressed support for Azerbaijan's contention that EITI has strayed too far from its founding principles. The Chinese ED applauded the decision to stay engaged on TANAP as a triumph for "evidence-based, rather than ideology-based, decision-making." Surprisingly, Bank management was pretty forward in also supporting this view by suggesting EITI might consider "recalibrating" its standards in response to Azerbaijan's withdrawal and the other three member suspensions.

OFFICIAL USE
To learn more about EBRD classifications, visit https://hyperlink.services.treasury.gov/agency.do?origin=www.ebrd.com/ic

EITI Status

From: "Carlson, Curtis" <"/o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Wilson, Judith" <judith.wilson@onrr.gov>
Date: Tue, 26 Sep 2017 20:39:26 +0000

Someone here at Treasury in the International division asked about USEITI. What is the current status? Is there going to be an announcement about the U.S. plans some point in the future?

Hope things are going well at Interior.

Thanks,
Curtis

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
(b)(6) [redacted]
curtis.carlson@treasury.gov

Re: EITI Status

From: "Wilson, Judith" <judith.wilson@onrr.gov>
To: "Carlson, Curtis" <curtis.carlson@treasury.gov>
Date: Wed, 27 Sep 2017 11:25:01 +0000

(b)(5) DP [redacted]

On Tue, Sep 26, 2017 at 4:39 PM, <Curtis.Carlson@treasury.gov> wrote:

> Someone here at Treasury in the International division asked about USEITI. What is the current status? Is there going to be an announcement about the U.S. plans some point in the future?
>
> Hope things are going well at Interior.
>
> Thanks,
>
> Curtis
>
> --
>
> Curtis Carlson
>
> Office of Tax Analysis
>
> U.S. Department of the Treasury
>
> (b)(6) [redacted]
>
> curtis.carlson@treasury.gov

--
Judy Wilson
Program Manager USEITI Secretariat
Office of Natural Resources Revenue
judith.wilson@onrr.gov
202-208-4410

RE: EITI Sub-PCC SOC

From: "Carlson, Curtis" <"/o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Wilson, Judith" <judith.wilson@onrr.gov>
Date: Wed, 27 Sep 2017 12:46:46 +0000

Thank you. Please keep us in the loop.

If State doesn't sign, who does?

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
[redacted]
curtis.carlson@treasury.gov

From: Wilson, Judith [mailto:judith.wilson@onrr.gov]
Sent: Wednesday, September 27, 2017 7:51 AM
To: Carlson, Curtis
Subject: Fwd: EITI Sub-PCC SOC

Curtis,
Just got this last night. The SOC needs some clarification re: Dodd Frank 1504 and State is not amenable to signing the letter. Amb. Mary Warlick is retiring.

---------- Forwarded message ----------
From: **Mazzarella, James A. EOP/NSC** <[redacted]
Date: Tue, Sep 26, 2017 at 8:51 PM
Subject: RE: EITI Sub-PCC SOC
To: "Strom, Natalie M. EOP/WHO" <[redacted]>, "Palladino, Robert J. EOP/NSC" [redacted] "McEnery, Tess M. EOP/NSC" [redacted], "Coleman, Nicholas S. EOP/WHO" <[redacted]>, "Toussaint, Marianne S" <ToussaintMS@state.gov>, "Honey, Kristen T. EOP/OMB" <[redacted]>, Jennifer Lewis <jenlewis@usaid.gov>, "Watson, Micah L" <watsonml@state.gov>, "judith.wilson@onrr.gov" <judith.wilson@onrr.gov>, Greg Gould <Greg.Gould@onrr.gov>, Madeline Williams <mawilliams@usaid.gov>, "Weissman, Chanan Y" <WeissmanCY@state.gov>, "Davy, R. Chris" <DavyRC@state.gov>, "Hagan, Michael B. EOP/OMB" <[redacted]>, "Burnett, Ben D. EOP/OMB" <[redacted]>, "McClure, Kellen" <McClureK1@state.gov>

Sorry for the delay, but attached is the draft summary of conclusions for our Sub PCC on August 30th. I understand from other conversations that DOI has updates to their timeline, tho. Please provide edits and I will finalize.

Jim Mazzarella | Director for International Development | National Security Council | [redacted] | [redacted]

--
Judy Wilson
Program Manager USEITI Secretariat
Office of Natural Resources Revenue
judith.wilson@onrr.gov
202-208-4410

Re: EITI Sub-PCC SOC

From: "Wilson, Judith" <judith.wilson@onrr.gov>
To: "Carlson, Curtis" <curtis.carlson@treasury.gov>
Date: Wed, 27 Sep 2017 14:18:55 +0000

Likely our Secretary

On Wed, Sep 27, 2017 at 8:46 AM, <Curtis.Carlson@treasury.gov> wrote:

> Thank you. Please keep us in the loop.
>
> If State doesn't sign, who does?
>
> ---
>
> Curtis Carlson
>
> Office of Tax Analysis
>
> U.S. Department of the Treasury
>
> (b)(6) [redacted]
>
> curtis.carlson@treasury.gov
>
> **From:** Wilson, Judith [mailto:judith.wilson@onrr.gov]
> **Sent:** Wednesday, September 27, 2017 7:51 AM
> **To:** Carlson, Curtis
> **Subject:** Fwd: EITI Sub-PCC SOC
>
> Curtis,
>
> Just got this last night. The SOC needs some clarification re: Dodd Frank 1504 and State is not amenable to signing the letter. Amb. Mary Warlick is retiring.
>
> ---------- Forwarded message ----------
> From: **Mazzarella, James A. EOP/NSC** (b)(6) [redacted]
> Date: Tue, Sep 26, 2017 at 8:51 PM
> Subject: RE: EITI Sub-PCC SOC
> To: "Strom, Natalie M. EOP/WHO" <Natalie.M.Strom@who.eop.gov>, "Palladino, Robert J. EOP/NSC" (b)(6) [redacted] "McEnery, Tess M. EOP/NSC" (b)(6) [redacted] "Coleman, Nicholas S. EOP/WHO" <Nicholas.S.Coleman@who.eop.gov>, "Toussaint, Marianne S" <ToussaintMS@state.gov>, "Honey, Kristen T. EOP/OMB" <Kristen_T_Honey@omb.eop.gov>, Jennifer Lewis <jenlewis@usaid.gov>, "Watson, Micah L" <watsonml@state.gov>, "judith.wilson@onrr.gov" <judith.wilson@onrr.gov>, Greg Gould <Greg.Gould@onrr.gov>, Madeline Williams <mawilliams@usaid.gov>, "Weissman, Chanan Y" <WeissmanCY@state.gov>, "Davy, R. Chris" <DavyRC@state.gov>, "Hagan, Michael B. EOP/OMB" <Michael_B._Hagan@omb.eop.gov>, "Burnett, Ben D. EOP/OMB" <Benjamin_Burnett@omb.eop.gov>, "McClure, Kellen" <McClureK1@state.gov>
>
> Sorry for the delay, but attached is the draft summary of conclusions for our Sub PCC on August 30th. I understand from other conversations that DOI has updates to their timeline, tho. Please provide edits and I will finalize.
>
> ---
>
> Jim Mazzarella | Director for International Development | National Security Council (b)(6) [redacted]
> (b)(6) [redacted]

--

Judy Wilson

Program Manager USEITI Secretariat

Office of Natural Resources Revenue

judith.wilson@onrr.gov

202-208-4410

--

Judy Wilson
Program Manager USEITI Secretariat
Office of Natural Resources Revenue
judith.wilson@onrr.gov
202-208-4410

RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

From:	"Carlson, Curtis" <"/o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To:	"Horowitz, John" <john.horowitz@treasury.gov>, [redacted]@treasury.gov>, [redacted]@treasury.gov>, [redacted]@treasury.gov>, [redacted]@treasury.gov>
Cc:	[redacted]@treasury.gov>
Date:	Wed, 27 Sep 2017 14:36:27 +0000
Attachments:	SOC EITI sub-PCC Aug 30 2017.docx (31.9 kB)

FYI: Here is the latest on USEITI. It appears that the U.S. will no longer be an implementing country. One of the most prominent issues was federal taxes. The federal government cannot release tax return information without the company's permission so becoming compliant with EITI was going to be impossible.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
[redacted]
curtis.carlson@treasury.gov

From: Horowitz, John
Sent: Wednesday, September 27, 2017 10:33 AM
To: [redacted] Carlson, Curtis
Cc: [redacted]
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Curtis Carlson is Treasury's point person on EITI.

From: [redacted]
Sent: Wednesday, September 27, 2017 10:25 AM
To: [redacted] Horowitz, John
Cc: [redacted]
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

[redacted] is better placed than me to address broader EITI policy issues. The country context is that EITI found that their big success story, Azerbaijan, was no longer in compliance with their principles after it cracked down on NGOs and civil society. EITI suspended Azerbaijan, which withdrew from the organization.

My understanding is that EITI is now trying to figure out how to lower its bar so that some countries qualify, while not completely abandoning any credibility it once had.

From: [redacted]
Sent: Wednesday, September 20, 2017 4:07 PM
To: [redacted] Horowitz, John
Cc: [redacted]
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

This is a long e-mail chain and it's not clear to me what the issue is.

[redacted]

Please feel free to give me a call. X24377.

[redacted]

From: [redacted]
Sent: Wednesday, September 20, 2017 3:51 PM
To: [redacted] Horowitz, John
Cc: [redacted]
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Hi [redacted]
Not really. Copying [redacted] in case he has lately, and John in Tax Policy who had some interaction on EITI stuff in the past.
Thanks,
[redacted]

From: [redacted]
Sent: Wednesday, September 20, 2017 3:16 PM

To: [redacted]@treasury.gov>
Cc: [redacted]@treasury.gov>
Subject: FW: New EBRD info session on Southern Gas Corridor projects - Sep 20

Hi [redacted]- is this something your office would be tracking, and have any input on?
Thanks,
[redacted]

From: [redacted]
Sent: Sunday, September 17, 2017 2:11 PM
To: McCauley, Brian <mccauleb@ebrd.com>; Hamilton, James <HamiltonJN@state.gov>; [redacted]@treasury.gov>; [redacted]@treasury.gov>; [redacted]@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; [redacted]@treasury.gov>
Cc: Plowden, Marisa <PlowdenM@ebrd.com>; Severens, Alex <Clarence.Severens@treasury.gov>; [redacted]@treasury.gov>; Senseney, Celine <csenseney@adb.org>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Jim - Could you ask whoever covers EITI for State about my question on EITI below? Has there been an update on the US position you shared in June/July?

What is the U.S. position on the Commission on Transparency in EI that GoA set up in lieu of EITI membership? Have we sent an observer to the commission's meeting?

The presentation is Wednesday in London, so a response by Tuesday COB would be helpful.

Thanks.

From: [redacted]@treasury.gov>
Date: September 17, 2017 at 4:43:13 AM EDT
To: [redacted]@treasury.gov>, [redacted]@treasury.gov>, Hamilton, James <HamiltonJN@state.gov>, Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>, [redacted]@treasury.gov>, [redacted]@treasury.gov>, McCauley, Brian <mccauleb@ebrd.com>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>, [redacted]@treasury.gov>, Plowden, Marisa <PlowdenM@ebrd.com>, Senseney, Celine <csenseney@adb.org>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Sean -- I haven't focused on the EITI issues. I'm more focused on additionally when it comes to MDB projects in the countries I cover.

--Rich

From: [redacted]@treasury.gov>
Date: September 16, 2017 at 2:06:12 AM GMT+2
To: [redacted]@treasury.gov>, Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>, [redacted]@treasury.gov>, [redacted]@treasury.gov>, [redacted]@treasury.gov>, McCauley, Brian <mccauleb@ebrd.com>, Hamilton, James <HamiltonJN@state.gov>
Cc: [redacted]@treasury.gov>, Plowden, Marisa <PlowdenM@ebrd.com>, Severens, Alex <Clarence.Severens@treasury.gov>, Senseney, Celine <csenseney@adb.org>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Rich – What is the U.S. position on the Commission on Transparency in EI that GoA set up in lieu of EITI membership? Did we send an observer?

Brian / Marisa – I looked through the presentation and it provides more information on the SGC and the overall planned participation of the EBRD than what I remember from the earlier presentation. The additional transparency should be welcomed. Broadly, the United States supports the SGC for geopolitical reasons, but another two rounds of MDB financing for SGC is a bit ridiculous and I think we should make clear that we need to see the EBRD being additional. A few potential points to make:

- Push Management on when BP will release the remaining parts of the ESMP. I'd recommend taking them to task if they still haven't come through since this summer's vote on Lukoil. As background, at the fall 2016 Bank/Fund SOFAZ chairman Movsumov told Marisa Lago that he would talk to BP about releasing the necessary documents.

- Ask for more information about what the EBRD getting is getting in return for the proposed loan to SGCC (slide 12)? We should press the EBRD to be receiving additional aspects of TI for each round of financing that are part of a coherent transition / development plan not simply one-off promises each time a consortium participant needs money for a cash call. The following are a few points on some of the EBRD attributes:
    - The EBRD should push the use of inclusive value chains to increase the participation of local, private businesses and job creation wherever possible.
    - TANAP has already received financing from the World Bank, so is subject to WB safeguards and monitoring. How is the independent E/S consultant for TANAP additional?
    - What gaps have been identified in SGCC corporate governance that require EBRD to implement a Compliance Action Plan?
    - Provide additional details on the implementation of policy dialogue in the Azerbaijan power sector (slide 19)? GoA announced its broader reform agenda at the end of 2016 (slide 19). In 2016, the ADB Board approved a $750 million multi-tranche facility for power transmission. How does the EBRD plan to complement the work of other MDBs? What systemic change will occur at the local level in country as a result of the policy dialogue?
    - The training of 1,550 teachers in local Turkish schools and the tourism opportunities are great, but how is this connected to the project and did this result from an EBRD intervention?
- Both the potential TANAP and TAP loans have 18-year tenors. These loans will tie up a significant amount of capital and staff time for the EBRD that could be used to develop projects elsewhere with higher transition impact.
- Slide 9 mentions that the EBRD is exploring a number of other gas infrastructure projects. Similar to above, I worry that the EBRD is involving itself too heavily in the European gas infrastructure and is not truly additional. While I cannot find any U.S. public position the projects referenced, is the EBRD the appropriate vehicle to support these projects? Is sufficient private financing not available?

Alex also included SGC as something worthwhile for Geoffrey to raise with EBRD management during his visit. Not top priority, but I've sent Steve a few bullets and background for Geoffrey's briefer.

From: (b)(6) [redacted]
Sent: Wednesday, September 13, 2017 6:39 PM
To: (b)(6) [redacted]@treasury.gov>; (b)(6) [redacted]@treasury.gov>; (b)(6) [redacted] (b)(6) [redacted]@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>; (b)(6) [redacted]@treasury.gov>; cguest@worldbank.org; Hamilton, James <HamiltonJN@state.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; (b)(6) [redacted]@treasury.gov>; Senseney, Celine <csenseney@asdb.org>; Plowden, Marisa <PlowdenM@ebrd.com>
Subject: RE: New EBRD info session on Southern Gas Corridor projects - Sep 20

Will do. Doug, could you please forward the EBRD slides to me?

From: (b)(6) [redacted]
Sent: Wednesday, September 13, 2017 6:17 PM
To: (b)(6) [redacted]@treasury.gov>; (b)(6) [redacted]@treasury.gov>; (b)(6) [redacted] (b)(6) [redacted]@treasury.gov>; Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>; McCauley, Brian <mccauleb@ebrd.com>; (b)(6) [redacted]@treasury.gov>; cguest@worldbank.org; Hamilton, James <HamiltonJN@state.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>; (b)(6) [redacted]@treasury.gov>; Senseney, Celine <csenseney@adb.org>; Plowden, Marisa <PlowdenM@ebrd.com>
Subject: Re: New EBRD info session on Southern Gas Corridor projects - Sep 20

Sean -
Per our discussion earlier today, would you take the lead on this for us?
-ddw

From: McCauley, Brian <mccauleb@ebrd.com>
Date: September 13, 2017 at 1:07:56 PM EDT
To: Hamilton, James <HamiltonJN@state.gov>, (b)(6) [redacted]@treasury.gov>, (b)(6) [redacted] (b)(6) [redacted]@treasury.gov>, cguest@worldbank.org <cguest@worldbank.org>, (b)(6) [redacted] (b)(6) [redacted], Bouzis, Evangelia <Evangelia.Bouzis@treasury.gov>, (b)(6) [redacted] (b)(6) [redacted]@treasury.gov>
Cc: Severens, Alex <Clarence.Severens@treasury.gov>, Plowden, Marisa <PlowdenM@ebrd.com>, Senseney, Celine <csenseney@adb.org>, (b)(6) [redacted]@treasury.gov>
Subject: New EBRD info session on Southern Gas Corridor projects - Sep 20

OFFICIAL USE

Hi all,

Please find attached the agenda and slides for a new info session on the Southern Gas Corridor projects that will take place next Wed, Sep 20.

Note that the first part of the session will include a presentation by the Executive Director of SOFAZ and the Chairman of the Commission on Transparency in Extractive Industries, and he'll be accompanied by the General Director of the Southern Gas Corridor Company. They'll then leave before directors and Management turn to the rest of the presentations.

We'd welcome any comments/questions in advance.

Thanks,
Brian

From: [redacted]@treasury.gov [mailto:[redacted]@treasury.gov]
Sent: 02 June 2017 21:31
To: McCauley, Brian; [redacted]@treasury.gov; cguest@worldbank.org; [redacted]@treasury.gov; USA - Stephan Vitvitsky; Evangelia.Bouzis@treasury.gov; HamiltonJN@state.gov
Cc: USA - [redacted]; [redacted] Plowden, Marisa; [redacted]; Sambasivam, Richard; csenseney@adb.org; Clarence.Severens@treasury.gov; USA - [redacted]
Subject: RE: EBRD info session on Southern Gas Corridor and EITI

EBRD SECURITY NOTICE: BE AWARE! THIS EMAIL ORIGINATED FROM OUTSIDE THE BANK.

Hi Brian,

Sorry for the delay. My view is that the tone is still the same – SSGC is still of vital importance but we remain focused on the E&S diligence of the overall project. I too am curious what this dilemma is that they speak of on adhering to EITI principles (note that most of the developing countries voiced concern, most likely bc of the reporting burden but the transparency objectives are clearly important and should be preserved). In addition to following up on how the EBRD will push for more CSO engagement, also ask why EBRD now has a change of heart and are preparing a $100 M deal for Lukoil (when incidentally would that come to the Board?)

Welcome views from others.

From: McCauley, Brian [mailto:mccauleb@ebrd.com]
Sent: Friday, June 02, 2017 4:01 PM
To: [redacted]; Christopher Colin Guest; [redacted]; Vitvitsky, Stephan; Bouzis, Evangelia; Hamilton, James N
Cc: [redacted] [redacted] Plowden, Marisa; [redacted] Sambasivam, Richard; Senseney, Celine
Subject: Re: EBRD info session on Southern Gas Corridor and EITI

Just circling back in case there are any comments before the board info session on Mon.

Thanks,
Brian

From: McCauley, Brian
Sent: Tuesday, 30 May 2017 20:07
To: [redacted] Christopher Colin Guest; [redacted]; [redacted]r; USA - Stephan Vitvitsky; Lea Bouzis; Hamilton, James N
Cc: USA - [redacted]; [redacted] Plowden, Marisa; [redacted]; Sambasivam, Richard; Celine Senseney
Subject: Fw: EBRD info session on Southern Gas Corridor and EITI

Hi all,

Apologies to anyone who already received this message already, but an IT problem prevented the message from reaching the Treasury recipients.

Thanks,
Brian

From: McCauley, Brian <mccauleb@ebrd.com>
Sent: Tuesday, 30 May 2017 15:09
To: C. Colin Guest; [redacted]@treasury.gov; [redacted]@treasury.gov; [redacted]@treasury.gov; USA - Stephan Vitvitsky; hamiltonjn@state.gov; Evangelia Bouzis
Cc: [redacted]; Sambasivam, Richard; Plowden, Marisa; csenseney@adb.org; [redacted] USA - [redacted]
Subject: EBRD info session on Southern Gas Corridor and EITI

OFFICIAL USE

Hi all,

Next Mon EBRD Management will hold a board info session on the Southern Gas Corridor (SGC) projects and EITI developments in its COOs (slides attached). I'm also attaching a recent letter CSOs sent the Bank regarding EITI issues in Azerbaijan.

On the back of the Apr discussions at the WB, summarized below by Colin, I wanted to seek input before next week's discussion here, in particular the tone we should strike (e.g., general agreement on strategic importance of SGC and the importance of Azerbaijan delivering on its commitments to uphold EITI principles, but continued issues around E&S matters have consistently hampered our ability to support).

- Similar to what WB Management said, EBRD Management believe that by continuing to engage in the Azeri oil and gas sector, even if just under the Azeri's new system of commitment to EITI principles, the Bank can support progress of CSO engagement and beneficial ownership. Would like to press for more details on the Bank's support.
- Presentation mentions an EITI reform paper addressing the dilemma of how far EITI should go in providing safeguards to CSOs; says EBRD and WB will have chance to comment on paper. Curious to learn more about this "dilemma."
- The WB presentation touched upon SGCC's continued access to international capital markets post-EITI withdrawal, but there is nothing new in the EBRD paper on SGCC or SOCAR's market access or other macro developments in Azerbaijan, and any impacts on the proposed projects.
- Note the ongoing discussions with BP regarding the release of additional ESMPs linked to Shah Deniz II. Can ask for likelihood of those talks getting anywhere before the first of the SGC projects comes to the EBRD Board (TANAP likely to come first in late-Q3 or Q4 2017).
- Whenever asked in 2016 about the possibility of additional financing for Shah Deniz II, Management always said that was not something the Bank was considering, in part given existing exposure to the project. The Bank is now considering an additional $100 M to Lukoil, and mobilizing $300 M from commercial banks. However, there isn't any explanation behind the Bank's change of position, nor mention of how much exposure to the overarching suite of SGC projects the Bank is comfortable with.

Thanks,
Brian

From: C. Colin Guest [mailto:cguest@worldbank.org]
Sent: 17 April 2017 21:43
To: Richard.Johnston@treasury.gov; McCauley, Brian; [redacted] USA - Steve Donovan; Douglas.Walker@treasury.gov; geetha.ramani@treasury.gov; USA - Stephan Vitvitsky; hamiltonjn@state.gov; Reich, Nathan M; Snyder, Carla E; Silkworth, William R; Stein, Daniel D; Watson, Micah L
Subject: World Bank TANAP briefing readout

EBRD SECURITY NOTICE: BE AWARE! THIS EMAIL ORIGINATED FROM OUTSIDE THE BANK.

Hi all,
Apologies for the delay in getting this out! The TANAP update last week went as expected, in that IBRD/MIGA will take no measures to impede the loan or guarantees due to Azerbaijan's withdrawal from EITI. Key takeaways below – the meeting was long, but fairly short on substance. For reference, I've attached the Board paper used for the meeting that contains the GoAz decree and other info. For those interested, I've also attached a scan of a presentation we received last week from the CEO of the SGC Closed Joint Stock Company (the Azerbaijani SPV that is implementing their part of TANAP and other SGC components) – some good data in the first half, and way too many project photos in the second half. Thanks and please let me know whether you have any questions!
Colin

- Unanimous Board support for continuing both projects, and broad support for the signals the GoAz sent with its decision to establish a new, domestic extractive industry transparency commission that would use the same indicators, reporting requirements, and principles as EITI, though many European chairs expressed disappointment with Azerbaijan's decision to withdraw.
- Management provided a broad and vague commitment to continue supporting "vigorous CSO engagement" in Azerbaijan post-EITI.
- Despite lots of pre-meeting saber-rattling among Board advisors, there were only very mild expressions of disappointment towards Bank management for inaccurately assessing Azerbaijan's EITI position and then failing to follow through on its promise to keep the Board informed of developments.
- With varying degrees of tact, India, Saudi, and other representatives expressed support for Azerbaijan's contention that EITI has strayed too far from its founding principles. The Chinese ED applauded the decision to stay engaged on TANAP as a triumph for "evidence-based, rather than ideology-based, decision-making." Surprisingly, Bank management was pretty forward in also supporting this view by suggesting EITI might consider "recalibrating" its standards in response to Azerbaijan's withdrawal and the other three member suspensions.

To learn more about EBRD classifications, visit https://hyperlink.services.treasury.gov/agency.do?origin=www.ebrd.com/ic

Re: Life of a Lease Drafts for MSG

From: Danielle Brian <dbrian@pogo.org>
To: "Mentasti, Chris" <chris.mentasti@onrr.gov>
Cc: Bruce Barnett <bbarnett@choctawnation.com>, Claire Ware <claire.ware007@yahoo.com>, "Carlson, Curtis" <curtis.carlson@treasury.gov>, Greg Gould <greg.gould@onrr.gov>, Jim Steward <jim.steward@onrr.gov>, Julie A Lenoir <jlenoir@blackfeetnation.com>, Marina Voskanian <marina.voskanian@slc.ca.gov>, Michael D Matthews <mike.matthews@wyo.gov>, Mike Smith <mike.smith@iogcc.state.ok.us>, Aaron P. Padilla <padillaa@api.org>, Christopher Chambers <christopher_chambers@fmi.com>, David Romig <david_romig@fmi.com>, Edwin Mongan <edwin.mongan@bhpbilliton.com>, Johanna Nesseth Tuttle <johanna.nesseth@chevron.com>, Michael Gardner (RTHQ) <michael.gardner@riotinto.com>, Nicholas Cotts <nicholas.cotts@newmont.com>, Nicholas Welch <nick.welch@nblenergy.com>, Phillip Denning <phillip.denning@shell.com>, Stella Alvarado <stella.alvarado@anadarko.com>, Susan Ginsberg <sginsberg@ipaa.org>, Veronika Kohler <vkohler@nma.org>, Betsy Taylor <betsyt@vt.edu>, Betsy Taylor <betsy.taylor@gmail.com>, Brian Sanson <bsanson@umwa.org>, Daniel Dudis <ddudis@citizen.org>, David Chambers <dchambers@csp2.org>, Isabel Munilla <imunilla@oxfamamerica.org>, Jana Morgan <jmorgan@pwypusa.org>, Jennifer Krill <jkrill@earthworksaction.org>, Keith Romig <kromig@usw.org>, Lynda Farrell <lynda@pscoalition.org>, Michael Ross <mlross@polisci.ucla.edu>, Neil R Brown <neil@neilrobertbrown.com>, Paul Bugala <pbugala@gmail.com>, Rebecca Adamson <radamson@firstpeoples.org>, Zorka Milin <zmilin@globalwitness.org>, Michael Levine <mlevine@oceanconservancy.org>, "Cassidy, John Kenneth (US - Arlington)" <jocassidy@deloitte.com>, "Mennel, John (US - Arlington)" <jmennel@deloitte.com>, "Hawbaker, Luke Malcolm (US - San Francisco)" <lhawbaker@deloitte.com>, Mia Steinle <msteinle@pogo.org>, Emily Hague <hague@api.org>, "Norfleet, Charles" <charles.norfleet@boem.gov>, Judith Wilson <judith.wilson@onrr.gov>, Robert Kronebusch <robert.kronebusch@onrr.gov>, Nathan Brannberg <nathan.brannberg@onrr.gov>, Jennifer Malcolm <jennifer.malcolm@onrr.gov>, Katie Sweeney <ksweeney@nma.org>, Ryan Winzenburg <ryan.winzenburg@onrr.gov>, Sarah Platts <splatts@deloitte.com>
Date: Wed, 27 Sep 2017 22:10:24 +0000

As I have previously said, I want to make it absolutely clear that while it is great that ONRR and its contractors are continuing to update the portal, that fact in no way reflects consensus nor approval of any new content since May by the MSG as is required by EITI standards.

Danielle Brian
Executive Director
Project On Government Oversight (POGO)
202-347-1122

On Sep 27, 2017, at 2:48 PM, Mentasti, Chris <chris.mentasti@onrr.gov> wrote:

> Hello All,
>
> Deloitte has completed the Life of the Lease Addition for the 2017 Online Report. We are asking that the MSG review the attached addition for fatal flaws. After we have received final comments and edits this addition will be passed off to 18F to be incorporated onto the Data Portal.
>
> Please reply with your comments for fatal flaws on or before **COB, Wednesday, October 4th** to either myself (chris.mentasti@onrr.gov) or Sarah (splatts@deloitte.com), as Luke will be rolling off the project at the end of the week.
>
> Thanks,
>
> Chris Mentasti
>
> ---------- Forwarded message ----------
> From: **Hawbaker, Luke Malcolm (US - San Francisco)** <lhawbaker@deloitte.com>
> Date: Wed, Sep 27, 2017 at 2:02 PM
> Subject: Life of a Lease Drafts for MSG
> To: "chris.mentasti@onrr.gov" <chris.mentasti@onrr.gov>
> Cc: "Platts, Sarah (US - Arlington)" <splatts@deloitte.com>, "Cassidy, John Kenneth (US - Arlington)" <jocassidy@deloitte.com>, "jennifer.malcolm@onrr.gov" <jennifer.malcolm@onrr.gov>, "judith.wilson@onrr.gov" <judith.wilson@onrr.gov>
>
> Hi Chris,

Attached please find the draft of life of a lease for the MSG to review. It incorporates the edits from BLM, BOEM, and BSEE. I think we'd aim to have comments back by Wednesday, October 4th. Thank you! You may want to specify that comments should go to you or Sarah Platts instead of me.

Luke

Luke Hawbaker

Deloitte Consulting LLP

Mobile: (571) 447-7625

lhawbaker@deloitte.com | https://hyperlink.services.treasury.gov/agency.do?origin=www.deloitte.com

Monitor
Deloitte.

--
Chris Mentasti
Office: (202) 513-0614
Cell: (202) 809-5513

Program Analyst
Office of Natural Resources Revenue
Department of the Interior

<Life of a Lease Drafts_MSG.zip>

RE: 1504 Treasury Report

From: "Carlson, Curtis" <"/o=ustreasury/ou=do/cn=recipients/cn=carlsonc">
To: "Gould, Greg" <greg.gould@onrr.gov>
Cc: Judith Wilson <judith.wilson@onrr.gov>
Date: Tue, 10 Oct 2017 19:57:37 +0000

Thanks for the heads up.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
[redacted]
curtis.carlson@treasury.gov

From: Gould, Greg [mailto:greg.gould@onrr.gov]
Sent: Tuesday, October 10, 2017 3:47 PM
To: Carlson, Curtis
Cc: Judith Wilson
Subject: Re: 1504 Treasury Report

Thanks Curtis. On a related note, we will be withdrawing our application to EITI and disbanding the MSG the week of Nov 9th.

Greg

Gregory J. Gould

Director
Office of Natural Resources Revenue
U.S. Department of the Interior

On Tue, Oct 10, 2017 at 12:00 PM, <Curtis.Carlson@treasury.gov> wrote:
This is the language from the report. I haven't talked to the finance folks about this. Eliminating 1504 would require legislation so absence that I assume Treasury would be open to regulations that are considered less burdensome to smaller firms at least.

Treasury recommends that Section 1502, Section 1503, Section 1504, and Section 953(b) of Dodd-Frank be repealed and any rules issued pursuant to such provisions be withdrawn, as proposed by H.R. 10, the Financial CHOICE Act of 2017. To the extent Congress determines that it is desirable to require disclosure from all companies, both public and private, this oversight responsibility could be moved from the SEC to a more appropriate federal agency, such as the Departments of State, Commerce, Homeland Security, Labor, or Energy. In the absence of legislative action, Treasury recommends that the SEC consider exempting smaller reporting companies (SRCs) and EGCs [emerging growth company] from these requirements.

I'm not an expert on the SECs authority so I don't know the smaller reporting company and emerging growth company exemptions fit into the existing 1504 rules.

Curtis Carlson
Office of Tax Analysis
U.S. Department of the Treasury
[redacted]
curtis.carlson@treasury.gov

From: Gould, Greg [mailto:greg.gould@onrr.gov]
Sent: Tuesday, October 10, 2017 1:50 PM
To: Carlson, Curtis
Cc: Judith Wilson
Subject: Re: 1504 Treasury Report