

TO: Alaska Oil and Gas Competitiveness Review Board

FROM: Kristin Ryan, Commissioner Cathy Foerster and Commissioner Mark Meyers
Regulatory/Permitting Committee

DATE: July 2, 2015

SUBJECT: Environmental Permitting chapter outline

Charge: What changes to the state's regulatory environment and permitting structure that would be conducive to encouraging increased investment while protecting the interests of the people of the state and the environment?

We see value in improving the ~~efficiencies-proficiencies~~ of existing permitting processes. This is consistent with efforts underway currently as State regulatory agencies are forced to find ~~cheaper ways of doing business due to shrinking funding to adapt in response to precarious budget realities.~~

Specific chapter sections:

- 1) The Governor has launched an effort to evaluate permit processes and consider ways to improve community involvement and clarity for permit holders. We have discussed our work with the Governor's office and recommend connecting these two ~~efforts/endeavors~~. In our chapter, we can ~~evaluate the strategies that have failed or succeeded in the past to better inform productive decisions related to our ongoing goal of fostering and increasing investment moving forward. refer to their work and the outcomes that work will identify that are relevant to encouraging investment in Alaska.~~
- 2) Resurrect an automated checklist similar to the one previously provided by the Coastal Zone Management Program (ACMP). An ~~on-line checklist/easily accessible resource that informs that walks~~ applicants ~~through as to~~ the various approvals and authorizations they may need can help companies navigate the State of Alaska's permitting system.

DNR was asked to create a prototype online version with a checklist as a result of the ACMP sunset. The hypothesized online format was created to operate with the fewest re-formed resources and/or existing resources as possible. However, the product still required some resources and the prototype was never actually brought online, largely due to transition and budget considerations.

- 3) Establish a statewide mitigation bank and in-lieu fee program. Efforts currently underway at DNR.
- 4) Continue discussions with industry regarding drill rigs and air permit requirements. ~~Without alterations to the current permitting process, there is substantial risk in costly delays and decreased production, which discourages future investment. DEC has established~~ ~~There is some debate about the best way to regulate air emissions from drill rigs. a~~ workgroup has been established to address these issues. DEC has maintained a website with meeting notes and outcomes: <http://dec.alaska.gov/air/ap/OilGasDrillWorkgroup.html>

5) The report should mention the federal regulatory climate for development in the OCS and federal land holdings. Several recommendations for improvements to that system were documented in a recent report published by the National Petroleum Council. Those recommendations focus, in large part, in the possibility for addressing the redundancy and bureaucratic inefficiencies that are a natural byproduct of the quality of federal and state regulatory agencies with authority over current and future oil and gas development projects. However, this chapter should also discuss those aspects of federal regulations that are likely to have a unique or larger effect on Alaska operations. For example, the majority of Endangered Species Act listings predicated on climate change result in profound complications and increased costs that are specific to Alaska operations. The chapter should make some suggestions about how federal permitting systems could be improved.
http://www.npcarcticpotentialreport.org/pdf/AR-Part_1-061115B.pdf

Note: In a previous draft of the environmental permitting chapter outline there were two other sections. I offer our comments on those sections if they are added back in.

6) Detailing existing permit process improvements (as noted in the October 2014 DNR presentation) will highlight the acceptance of a need for improvement to enhance the business/investment climate. Outlining historic and ongoing efforts will assist in informing the breadth and focus of future efforts.

5) 7) Improving the efficiencies in the permitting process while incorporating community involvement necessitates the increased awareness of operators and the public regarding both activities and permit processes. The Department of Oil and Gas has published guidance documents with the new online Plan of Operations application, which could theoretically be expanded to capture public input in a manner that ensures a meaningful engagement with clearly defined concerns. This material could also address the concept of phased development and how DNR is incorporating the concept of cumulative impacts into the permitting process.

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