



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

ISSUES IDENTIFIED DURING INSPECTION OF ENERGY POLICY ACT OF 2005 REQUIREMENTS FOR 30 ENERGY-RELATED SECTIONS



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Memorandum

AUG 24 2017

To: Amy Holley
Acting Assistant Secretary
Office of Policy, Management and Budget

From: Mary L. Kendall 
Deputy Inspector General

Subject: Inspection Report – Issues Identified During Inspection of Energy Policy Act of 2005 Requirements for 30 Energy-Related Sections
Report No.: 2017-EAU-001

The Office of Inspector General has completed its inspection of the U.S. Department of the Interior's (DOI) fulfillment of energy-specific requirements within the Energy Policy Act of 2005 (EPAcT). DOI played a critical role in implementing various EPAcT initiatives in the areas of energy efficiency, renewable energy, oil and gas, coal, Indian energy, electricity, hydropower, geothermal energy, and climate change technology. EPAcT established specific requirements for reports, studies, regulatory policies, and other efforts, identifying specific due dates ranging from 90 days to recurrent deadlines continuing indefinitely.

During our inspection we reviewed the 30 energy-specific sections of EPAcT for which DOI has responsibility to determine if requirements outlined in those sections had been met. Within these sections, we identified 379 specific requirements. We determined these requirements were administrative in nature (e.g., reporting requirements with specific due dates and timelines) resulting from bureaus' energy research and related activities.

Overall, we found that DOI fulfilled many EPAcT requirements within the 30 energy-specific sections. Of the total 379 requirements established by EPAcT, we found that 240 were *met*, 86 were *not met*, and 53 were categorized as *uncertain* as we could not make a determination regarding their completion (see Attachments 1 and 2 for a further breakdown of requirements and information regarding the inspection methodology).

86 Requirements Categorized as Not Met

We determined 86 requirements were not met. These requirements were not met due to missed deadlines, products that were not completed, products that were not submitted to Congress, or required products that were provided in draft form. We asked agencies to provide an explanation as to why they did not meet these requirements, and received explanations for 48.

The remaining 38 unmet requirements¹ for which we received no explanations from the responsible bureaus or offices generally related to EAct deadlines that had been missed or to those with insufficient supporting documentation to prove the work had been completed. For example, Section 348 required an annual report to Congress; however, we received only unsigned draft reports and no explanation as to why final signed reports were not available.

53 Requirements Categorized As Uncertain

Bureaus and offices could not document or substantiate fulfillment of 53 EAct requirements.² For example, Section 349 required DOI to establish an orphaned and idle well program, with a total of 10 requirements. The responsible bureau only provided us with information to support our determination that it had met 3 of the 10, leaving 7 without sufficient documentation to prove completion. We made three separate requests for documentation and extended the document submission deadline; however, no new information was provided. When documentation cannot be provided to demonstrate that requirements have been met, a bureau may be unable to respond effectively to stakeholder needs.

Although DOI met most EAct requirements, we suggest that DOI consider the need for additional analysis to determine (1) whether the requirements we categorized as *uncertain* have been met or not, and (2) whether or not to fulfill remaining unmet requirements. We will provide DOI and each responsible bureau or office more detailed information regarding unfulfilled requirements.

We do not require a formal response to this report, but we would appreciate being apprised of any further actions taken on this issue. If you have any questions, please contact me at 202-208-5745.

¹ Attachment 1 illustrates the breakdown of requirements among non-repeating and repeating. The 38 mentioned here breaks down into 28 non-repeating and 10 repeating.

² The Attachment 1 breakout shows that in the uncertain category totaling 53 requirements, 38 were non-repeating and 15 repeating.

RESULTS OF THE 30 ENERGY-SPECIFIC EPACT SECTIONS										
Section	Section Name (abbreviated)	NON-REPEATING				REPEATING				Total
		Met	Not Met		Uncertain	Met	Not Met		Uncertain	
			Explained	Not Explained			Explained	Not Explained		
111	Enhancing Energy Efficiency	2								2
211	Generation Capacity	2								2
225	Geothermal Leasing/Permitting	4	2			1				7
226	Geothermal Energy Potential	1	1							2
234	Geothermal Lease Revenues	2								2
331	Naval Petroleum Reserve (NPR)	2								2
332	NPR Lease Account	1		4						5
344	Natural Gas Production	2		4						6
348	North Slope Science Initiative	6				65	12	5		88
349	Orphan, Abandon, or Idle Wells	3			7					10
351	Geological and Geophysical Data	23		1					15	39
353	Gas Hydrate Production Incentive	1		1						2
354	Enhanced Oil/Natural Gas Prod.				1					1
357	OCS Oil and Natural Gas	1		1		14	7			23
361	Onshore Oil & Gas Practices				9					9
362	Oil & Gas Leasing programs	9		7	15					31
363	Consultation Oil and Gas Leasing	6		1						7
365	Federal Permit Coordination	11		1		2	4	1		19
367	FMV Determinations Linear ROW	1	1							2
368	Energy Right-of-Way Corridors	10	4	3						17
369	Oil Shale, Tar Sands, & Fuels	14	1		6					21
437	Inventory Requirement	4								4
965	Oil and Gas Research Programs					4	2	4		10
1811	Coal Bed Methane Study	11		4						15
1813	Indian Land Rights-of-Way	6		1						7
1833	Renewable Energy		7							7
1834	Hydroelectric Generation	11	1							12
1835	Split Estate Oil & Gas Leasing	5	1							6
1836	Resolution Resource Conflicts	4	1							5
1840	Hydropower Facilities	12	4							16
	Total	154	23	28	38	86	25	10	15	379

Inspection Methodology

To answer our objective, we identified requirements based on the exact terminology within EAct. EAct uses language such as *shall*, *must*, *must not*, and *required* to delineate a requirement. We considered EAct language such as *should*, *should not*, *could*, *could not*, and *may* to suggest optional fulfilment at the discretion of identified bureaus. We requested specific information, such as, reports, studies, supporting documentation, and final products from the bureaus and office audit liaison personnel to determine the fulfilment of requirements, then followed up to seek justification for those that were unmet. We categorized our results into two groups—requirements on a non-repeating schedule and those that repeated. Static, non-repeating requirements totaled 243, while ongoing requirements that we counted into the annual total equaled 136 as of the time of our inspection.

For example, Section 226 (Assessment of Geothermal Energy Potential) has a static requirement to complete an assessment of geothermal energy potential within 36 months after EAct's enactment. Therefore, we determined this Section had two requirements, one for completing the assessment and another for meeting the 36-month deadline. On the other hand, Section 357 (Outer Continental Shelf Oil and Gas) requires DOI to submit a report within 6 months of EAct's enactment, with the report to be publicly available and updated at least every 5 years. Since this EAct section requires an updated, published report every 5 years, our methodology interpreted this as creating repetitive requirements, which resulted in a total of 23 requirements by the time we completed our review. Repetitive requirements necessitate continuous management and oversight to meet recurring requirements.

Ultimately, we assigned descriptors to the repeating and non-repeating categories, which we refer to as *met*, *not met*, or *uncertain*. We used the *explained* and *not explained* descriptors (a breakdown of the *not met* category), depending on whether a bureau provided rationale for not meeting the requirement. If we did not receive any evidence that a requirement was fulfilled, we considered it *uncertain*.

We conducted this review in accordance with the Quality Standards for Inspection and Evaluation as put forth by the Council of the Inspectors General on Integrity and Efficiency. We planned and performed research to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion.

