

To: Joint Interim Minerals, Business & Economic Development Committee

From: Colin McKee, Policy Advisor, Office of Governor Matt Mead

Subject: Governor's Energy Strategy

Wyoming is the first state in the nation to develop a comprehensive energy plan – it has paid off. The Energy Strategy is a blueprint to facilitate the legislative and executive branch cooperative efforts. It establishes objectives to support development, cut costs and spur production. Policies are created from the ground up with input and advice from a broad spectrum of Wyoming interests.

This process is transferrable and was used to develop the Water Strategy released in 2015, the Governor's Task Force on Forests report released in 2015 and the updated Energy Strategy released in 2016. This process is also being used to gain national multifaceted support for Governor Mead's Endangered Species Act reform initiative. More than 80 specific policies have been developed. Some illustrative examples are:

- The Natural Resource and Energy Explorer is a GIS web-mapping tool that enables user discovery and assessment of energy, infrastructure, environmental, wildlife, cultural and socioeconomic assets. Projects can get more accurate baseline data and businesses can make decisions faster, shortening the time necessary to get projects off the ground.
- The CO2 Pipeline Corridor provides an opportunity for the state to complete environmental permitting for contiguous corridors across federal lands. This will allow companies to get pipe in the ground faster, move CO2 for tertiary recovery and extract billions of additional barrels of oil out of Wyoming formations. At the same time it minimizes disturbance and a spaghetti of pipelines benefiting the environment.
- The Integrated Test Center will advance technologies that capture and add value to carbon dioxide. Teams from across the world are vying to test technologies in a working coal plant in Wyoming. Success in this endeavor can create new markets and establish coal's place as a resource for decades to come.
- The Ten-in-Ten initiative's objective is ten dams and reservoirs in Wyoming completed in the next ten years. As a headwater and agricultural state, water is our most precious resource. This initiative will establish beneficial use to thousands of acre feet of water. Wyoming's Congressional Delegation is assisting in moving these projects forward.
- The report commissioned from the Governor's Task Force on Forests provides policy strategies to bring Wyoming's expertise and voice to the effective management of the 11.8 million acres of forested lands in Wyoming. This report guides efforts on NEPA, forms stronger partnerships with the Forest Service and helps control the spread of invasive species. A follow up report analyzes economic opportunities for forest assets, for example, biomass which has potential application in every corner of the state.
- The Wyoming Oil & Gas Conservation Commission initiated a wholesale examination of its regulations, making them stronger, more understandable and workable. Wyoming has

cutting edge standards for flaring, venting, setbacks, pre- and post-baseline water quality testing and bonding requirements. These regulations have set a national standard for streamlined development and vigilant resource protection.

- Through the Energy Strategy, then Western Governors Association, on to the National Governor's Association and now on its way to Congress, Wyoming has spearheaded a diversely supported, national initiative to rework the Endangered Species Act. This state has a unique understanding and expertise in endangered species including grizzlies, grey wolves and Greater Sage-Grouse. Wyoming is nationally recognized for its success in managing these species and its commonsense approach to ESA challenges.

The Energy Strategy has positioned Wyoming as the vanguard for thoughtful, sound policies. Others (states, federal agencies and private businesses) look to Wyoming for direction on almost all natural resource issues from the Waters of the United States, balanced regulations for the oil and gas industry, conservation approach to endangered species and more. Codifying the process of policy development and implementation of the Energy Strategy will strengthen Wyoming and its place as a national leader in policymaking. The process facilitates short-term, mid-term or long-term policies.

The structure for the Energy Strategy Development has been created. It is flexible and allows for ever evolving circumstances. Its vision is:

“Wyoming will achieve excellence in energy development, production and stewardship of its natural resources for the highest benefit of its citizens.”

Policy Development Process

The Energy Strategy uses public engagement to drive policy through interaction with all the stakeholders in Wyoming – industry, the environmental community, ag interests and the general public. Open meetings held across the state result in broad input on the issues from Wyoming stakeholders.

Information from the meetings is compiled and consolidated into like-topics or ideas. Facilitated discussions with stakeholders with different viewpoints lead to balanced policies with broad support. All consolidated policies are then sent back out to the public for additional input and ranking.

Initiatives vary widely. Some are discrete, such as new oil and gas regulations at the WOGCC. Some initiatives are long-term, for example, permitting a pipeline corridor across federal lands or the Integrated Test Center.

Policy Implementation Process

Energy Strategy initiatives are assigned to state agencies to help facilitate implementation, for example streamlined permitting, development of rules and coordination of efforts. Responsible

agencies develop implementation plans that are SMART: Specific, Measurable, Attainable, Relevant and Time-based. A communication strategy is created to share progress. Progress is tracked through the Governor's office and through presentations to the Joint Interim Minerals Committee.

Coordination of the Energy Strategy also occurs through the Energy & Natural Resource Sub-cabinet. This sub-cabinet is comprised of all the energy, environment and economic agencies in state government. This sub-cabinet was created to break down silos and create a solutions-oriented environment.

When substantial progress has been made on initiatives, the process repeats. Existing initiatives continue and new initiatives are identified.

Proposals for integrating this process into state government

2017 bill – SF164 – Energy strategic plan – modified – Preferred

Create an Energy Strategy Committee comprised of the Governor, or his representative, one industry member, one environmental member, a member of the general public, one member at-large and two legislators designated by Management Council.

The Energy & Natural Resource (E&NR) Sub-cabinet, which is comprised of all state agencies with an energy, environmental or economic nexus, would report to the Committee. The E&NR Sub-cabinet would conduct outreach and public meetings to establish initiatives. The initiatives would be presented to the Energy Strategy Committee to select initiatives to be included in Wyoming's Energy Strategy as it is updated every two to three years. The initiatives would be assigned to a responsible agency to develop other implementation. The Energy Strategy Committee and the E&NR Sub-cabinet would report to the Minerals Committee.

This option does the most effective job of incorporating the Energy Strategy into a process that engages the executive and legislative branch and ensures high level public input. The selection of final initiatives in this process should be balanced and have broad support. This option is inexpensive and effective.

Governor's office Full-time Employee (FTE) reporting to an Advisory Board

Designate one FTE in the Governor's office as the "Energy Strategy Advisor." Create an Energy Strategy Advisory Board. The FTE would implement the process of policy development and implementation as outlined above. The FTE would present the proposed initiatives to the Advisory Board, who would provide recommendations for initiatives to be included in the Energy Strategy. The full list of initiatives and the Advisory Board's recommendations would be presented to the Governor. The Board would have a diverse representation, including industry, environmental interests, general public and legislative members.

Initiatives recommended by the Advisory Board could be designated as the only initiatives available to the Governor to choose from. This empowers the Board, making it more than “advisory” in nature.

Governor’s office

This option would memorialize the process that currently exists, as outlined above. One FTE would be designated as the “Energy Strategy Advisor” in the Governor’s office. The statutes for the state planning coordinator (W.S. 9-1-207) or the coordinator of state-federal relations (W.S. 9-1-209) could be used as a template for this option.

2017 bill – SF164 – Energy strategic plan

During the 2017 Session, Senators’ Von Flatern, Anderson, Bebout and Rothfuss introduced this bill. It contemplated a biennial energy strategy that addressed the current Energy Strategy’s four strategic themes. The bill created an Energy Strategy Committee composed of two members of the Wyoming Business Council (WBC), one member of the Oil & Gas Commission and one member of the Wildlife Natural Resource Trust Board. The WBC was established as the facilitator of the Board and designated to conduct the activities of policy development and implementation.

Wyoming Infrastructure Authority (WIA)

One FTE could be placed at the WIA. In doing this, the objective of the WIA would have to be modified to reflect its new responsibilities. Also, the makeup of the current Board would have to be reviewed to determine whether Board composition would need to be broader.

One complication with this option is that the FTE would have to have some mechanism, or authority, to carry out initiatives.