

Royalty Policy Committee
Summary of Input from Non-Federal Primary Members
September 12, 2017

1. Lessons learned from experience with other multi-stakeholder groups

- Be clear about what the Secretary wants to accomplish with this Committee
- Prioritize topics up front
- Have a clear and manageable agenda
- Set dates in advance and do most of the work between / prior to full group meetings
- Be open to hearing all points of view
- Facilitator is important for setting and reinforcing rules of engagement, managing conversations so all voices are heard, and making sure topics don't get rehashed
- When working with tribes, show respect and patience

2. Concerns about this Committee

- Being perceived as partisan or not paying attention to dissent
- Not enough time to do the work
- Stronger voices drown out the others
- Operating as politically motivated rather than as a voice of expertise

3. Definitions of Success for the RPC

- Reduction of timelines (e.g. permitting)
- Growth in royalties on federal lands
- Consensus achieved across sectors
- We learn from different practical and theoretical perspectives and surface issues we may not have considered
- Consensus is reached after the development of specific options and consideration of pros/cons for each option
- Recommendations are practical and actionable
- Change is implemented and endorsed by all parties
- Failure: if the group works through issues and has a great working organization but is not fully heard by DOI (i.e. is treated as a “check box committee”)

4. Priority Issues

Priority Issues centered around four themes: royalties, valuation, economic, policy, and process.

Royalties:

- Identifying how to maximize return and increase royalty income
- Striving to maximize opportunities and “fill in the map”

- Examining opportunities that are being missed in the realm of wind, solar, other renewables
- Simplifying the royalty process onshore/offshore hard and liquids
- 2% administrative fee for federal royalties (reduce or remove)

Valuation:

- Ensuring correct monetary compensation for utilization of these assets
- Determining proper value of coal
- Flow meters for oil/gas to track volume only (and not other costs)

Economics:

- Achieving parity across energy generation technology (as far as what charged)
- Simplifying the rules
- Utilizing economic modeling

Policy:

- Crafting policies that will increase the return for all involved
- Achieving something that is comprehensible and fair to the payee and comprehensible to the payor
- Achieving something that will guide the Department for the next generation, something that will maximize return for the federal government but still be considered fair enough for industry to explore
- Stimulating development
- Promoting responsible development
- Promoting a reasonable timeframe for development so projects can get up and running
- Paring down regulatory issues
- Coordinated reporting system for industry across states
- Examining practice of unbundling
- Floating rate based on commodity price

Process:

- Considering the history of how we've traditionally collected royalties
- Examining how other nations deal with this
- Compiling best practices
- Promoting transparency
- Enhancing communication between headquarters and the field so it is clear if a local office has discretion to make a decision or needs to wait for Washington
- Incorporating an Appeals/ADR process: issues tend to go into a black hole