

Wave-energy firms want clearer rules

Rising oil prices and concerns about energy independence are creating new interest in alternative energy sources, including the ocean's waves and tides.

But as one of the Pacific Northwest's energy entrepreneurs told a Senate committee this past week, a turf war between two federal agencies could spoil the prospects of drawing electricity from the ocean.

Jason Bak, CEO of Vancouver, B.C.-based Finavera Renewables, last year bought AquaEnergy of Seattle, whose technology converts wave motion into electricity through a system of floating buoys.

That approach will be tested off the coast of Newport, Ore., this year, and Finavera then plans a larger deployment in Makah Bay on the Olympic Peninsula.

But Bak warned senators last week that two agencies — the Department of Interior's Minerals Management Service and the Federal Energy Regulatory Commission (FERC) — both claim authority over ocean-energy projects developed in the Outer Continental Shelf (OCS), the federal territory that lies beyond the coastal strip of state-controlled waters, which is only a few miles wide. The Makah project is in state waters, but future projects would likely go on the outer shelf if the technology catches on.

"We will stay away from the OCS so long as the regulatory authority is unclear, contradictory or unduly burdensome," Bak told the U.S. Senate's Committee on Energy and Natural Resources. "This means that valuable sites under federal jurisdiction will not be developed."

FERC claims that it has authority over all projects that generate electricity from water. But the minerals agency, which supervises industrial activity in federal waters, says the Energy Policy Act of 2005 gave it jurisdiction over projects situated in the OCS.

The bureaucratic spat befuddles entrepreneurs afraid of being on the wrong side of either agency, and in the long run may put a damper on investment, says Carolyn Elefant, a Washington, D.C.-based lawyer who advises ocean-energy firms.

"It's very confusing," Elefant said. While currently most ocean-energy activity occurs in coastal waters, away from federal jurisdiction, she said, the issue "is absolutely something that needs to be resolved."

— *Ángel González*

