



Massachusetts Proposed Sale Notice

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Overview

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- Massachusetts Proposed Sale Notice
- Massachusetts Lease Areas
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Proposed Sale Notice (PSN)

- Notice published in the *Federal Register* for a **60-day public comment period** that describes BOEM's proposed lease sale terms and conditions for an area of the OCS.
- The PSN includes:
 - the **area** available for leasing,
 - the proposed **lease provisions** and conditions,
 - details of the **auction**,
 - the official **lease form**,
 - **bid evaluation** criteria and procedures,
 - **lease award procedures**,
 - **appeal** procedures,
 - procedures for execution of the **lease instrument**.

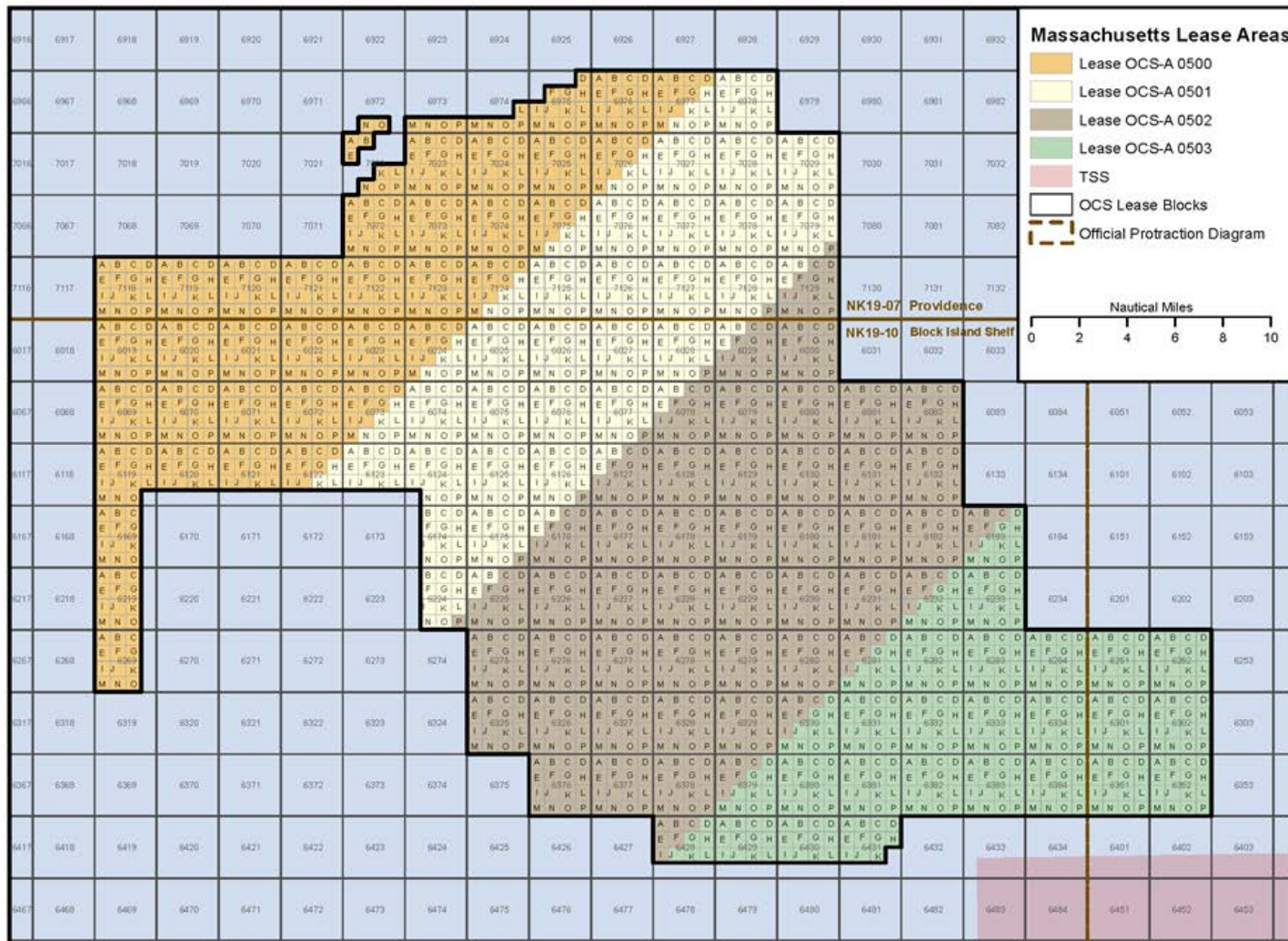
Proposed Sale Notice (PSN)

- During the 60-day comment period:
 - BOEM invites **public comments** to be submitted
 - BOEM will hold an **auction seminar** to explain the auction format
 - Interested bidders **must** submit their **qualifications materials** (legal, technical and financial) **by the end of the PSN comment period**
 - If a potential bidder is not qualified by the publication of the Final Sale Notice (FSN), it may not participate in the auction
 - BOEM will publish a list of the Eligible Bidders in the FSN

Massachusetts PSN

- Published in the *Federal Register* on **June 18, 2014**, 60-day public comment period closes on **August 18, 2014**
- **Comments** can be submitted:
 - On www.regulations.gov keyword: **BOEM-2014-0034**
 - In written form, by hand or mail delivery to:
Office of Renewable Energy Programs
Bureau of Ocean Energy Management
381 Elden Street, HM 1328
Herndon, Virginia 20170-4817
- **Qualifications materials**, please contact BOEM.

Massachusetts Lease Areas



Massachusetts PSN

- Proposes to auction **4 lease areas** within the Massachusetts Wind Energy Area (WEA) using a **multiple-factor auction format**, which considers a combination of **monetary** and **non-monetary factors** in determining the outcome of the auction.
- The multiple-factor auction format for this sale will consist of two variables:
 - **Cash Bid**
 - **Non-monetary credit** (i.e., if a bidder holds a Community Benefits Agreement or a Power Purchase Agreement)

Massachusetts PSN

- **Community Benefits Agreement (CBA)**
 - Legally binding contract between a bidder and one or more community-based organizations (CBO) where the bidder has committed to provide specified community benefits and the CBO has committed in specific ways to support the project in the governmental approval process.
- **Power Purchase Agreement (PPA)**
 - Legally enforceable long-term contract negotiated between an electricity generator and a power purchaser that identifies, defines, and stipulates the rights and obligations of one party to produce, and the other party to purchase, energy from an offshore wind project to be located in the lease sale area.

Massachusetts PSN

- Non-monetary credit is limited to the **greater of 5% for a CBA, or up to 25% for a PPA** of 250 MW.
- Eligible bidders interested in obtaining a non-monetary credit for either a CBA or PPA must submit **non-monetary packages** to BOEM.
- BOEM will specify non-monetary package submission procedures in the **Final Sale Notice (FSN)**.
- BOEM will appoint a panel to review non-monetary packages and determine non-monetary bid credits, as appropriate.
- Bidders will be informed of their bid credit eligibility prior to the auction.

Massachusetts Auction Format

- Bidding will occur over the course of multiple rounds.
- During each round, a bidder indicates whether she would be willing to pay that bid amount for the lease area.
- If the bidder has a non-monetary credit, her bid equals the sum of the non-monetary credit and the cash component.
- When only one bidder is willing to pay the round price, that bidder wins the auction.

Round	Bidder 1	Bidder 2	Bidder 3	Bidder 4	Bidder 5
\$100?					
\$150?					
\$200?					
\$250?					
Result:		WINNER			

Contents of a Lease

- Outlines specific statutes and regulations that define the responsibilities of the Lessee during the Lease term, including:
 - Rights of the Lessee and Reservations of the Lessor
 - Payments & Financial Assurance
 - Plans & Activities
 - Suspensions & Cancellations
 - Assignments, Transfers, or Relinquishments
 - Removal & Restoration

Massachusetts Leases

- Proposed Lease Terms & Conditions:
 - Exclusive right to submit plans for renewable energy development
 - Annual rental payments to BOEM
 - Must submit Site Assessment Plan (SAP) within 12 months of lease issuance
 - Detailed terms for ensuring human and environmental safety
 - Detailed terms for ensuring cooperation with existing uses

Massachusetts Leases

- BOEM is specifically requesting comments on the following proposed lease terms & conditions, which may be unique to Massachusetts:
 - Lease operations term possibly longer than 25 years
 - Reduced annual rent to less than \$3/acre
 - Reduced annual rent for any project easement associated with the lease
 - Reduced annual operating fee rate to less than 2%
- BOEM will publish final lease terms and conditions with the **Final Sale Notice (FSN)**.

Next Steps: After PSN

- BOEM will:
 - Review PSN comments
 - Finalize company qualification evaluations
 - Develop the Final Sale Notice (FSN) and finalize lease terms and conditions
 - Select & invite non-monetary factor panel
 - Publish FSN in the Federal Register

Next Steps: From FSN to Auction

- Eligible bidders must submit a **bidders financial form**, required **bid deposit**, and **non-monetary package** (if applicable).
- BOEM will convene the non-monetary panel to evaluate non-monetary packages and notify eligible bidders of their bid credit, if applicable.
- BOEM will conduct a **Mock Auction** for eligible bidders.
- BOEM will conduct the **auction** no sooner than 30 days after publication of the FSN.

How to Submit Comments

- **Comments** can be submitted:
 - On www.regulations.gov search using keyword:
BOEM-2014-0034
 - In written form, by hand or mail delivery to:
Office of Renewable Energy Programs
Bureau of Ocean Energy Management
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Herndon, Virginia 20170-4817
- **Qualifications materials**, please contact BOEM.

For additional information:

<http://www.boem.gov/State-Activities-Massachusetts/>

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