

Auction Results

April 29, 2015

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Division

Massachusetts Auction Overview

- Competitive lease sale for 4 areas held January 29, 2015
- Online auction hosted by Power Auctions LLC
- Two bidders
 - 1) RES America Developments, Inc.
 - 2) OffshoreMW LLC
- Offshore MW submitted a qualified Community Benefits Agreement (CBA): 10% non-monetary credit applied to bid

Auction Overview

- RES America won OCS-A 500: \$ 281,285
- OffshoreMW LLC won OCS-A 501: \$ 166,886
 - With credit, paid \$150,197
- Total Auction Revenue = \$ 431,482
- Total Bid Prices ÷ Acreage = \$ 1.26/acre

Other Wind Auctions

- RI-MA (July 2013)
 - 2 areas, total acreage of 164,750 acres
 - Combined bid prices of \$ 3,838,288 acres
 - \$ 23.30/acre
- Virginia (September 2013)
 - 1 area, total acreage of 112,799 acres
 - Total bid price of \$ 1,600,000
 - \$ 14.18/acre
- Maryland (August 2014)
 - 2 areas, total acreage of 79,707 acres
 - Total bid price of \$ 8,701,098
 - \$ 109.16/acre

Auction Format

- Follows a Simultaneous Ascending Clock Auction (SACA) format
 - Timed rounds where asking prices increase from the previous round
- Auction is a “multiple factor” auction
 - 1) Monetary element: cash bid
 - 2) Non-monetary credit: offers discount on final bid price
- Eligibility determined by amount of bid deposit
 - \$450,000 required per area

Format continued

- At the end of each round, BOEM provides the following information to bidders through the auction software:
 - Next round's asking price
 - Number of bidders who met the previous round's full asking price
- The auction continues until there is at most one bidder on each area
- If you win more than one lease and have a credit, it applies only to the highest valued area

Format continued

- Asking prices for Round 1 were the minimum bid prices published in the FSN
- Prior to the auction, BOEM worked with Power Auctions to develop a plan on how to increase prices over subsequent rounds
- Relatively large bid increments would be used in early rounds
 - Following Rounds 1 and 2, prices increased by 50%
 - Prices increased by 40% following Rounds 3 and 4
 - Prices increased by 30% following Round 5
- BOEM would eventually cap bid increments at \$500,000, if applicable
- Bidders can use intra-round bidding option if the current round's price is above their limit

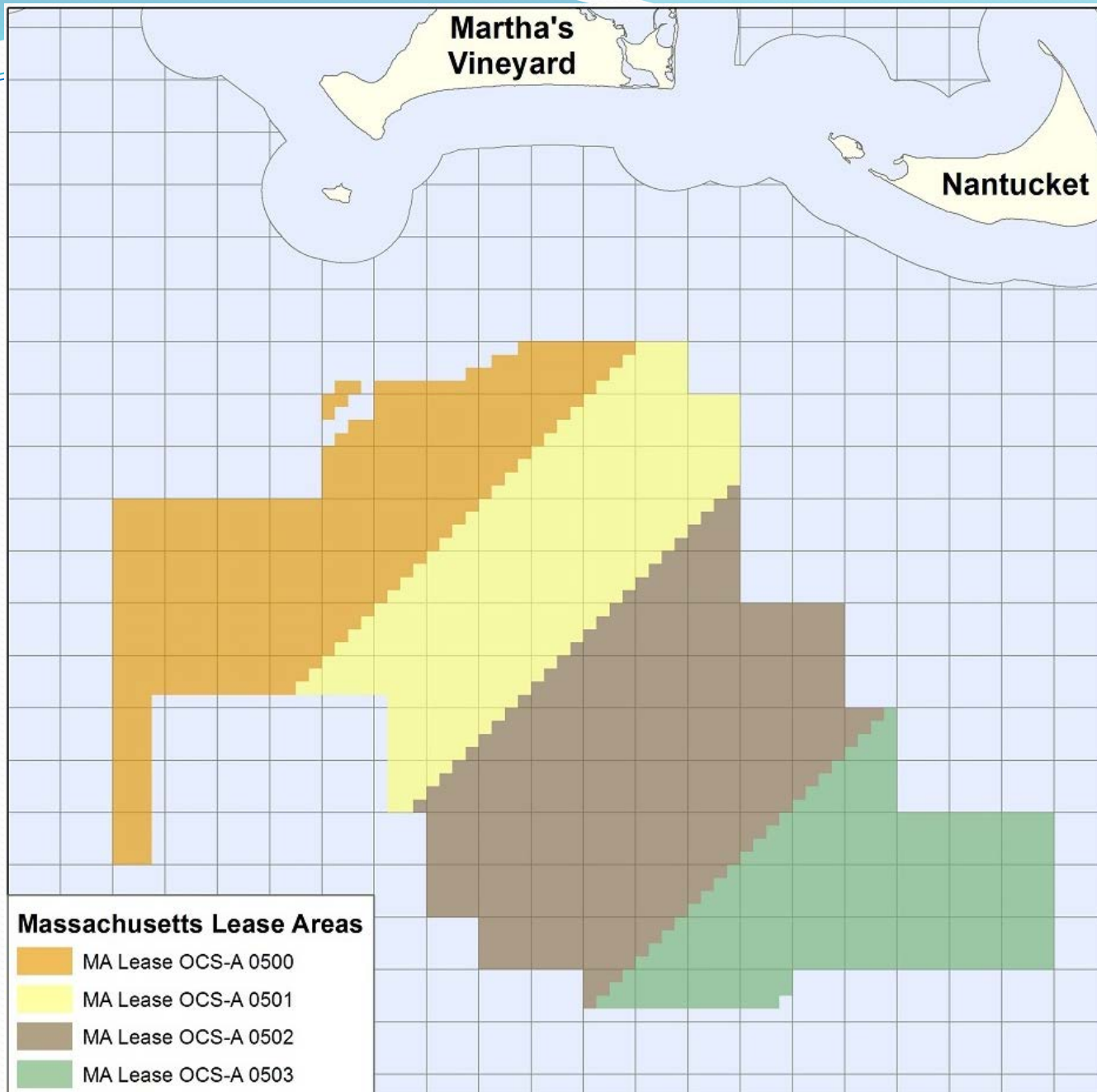
Non-monetary Credit

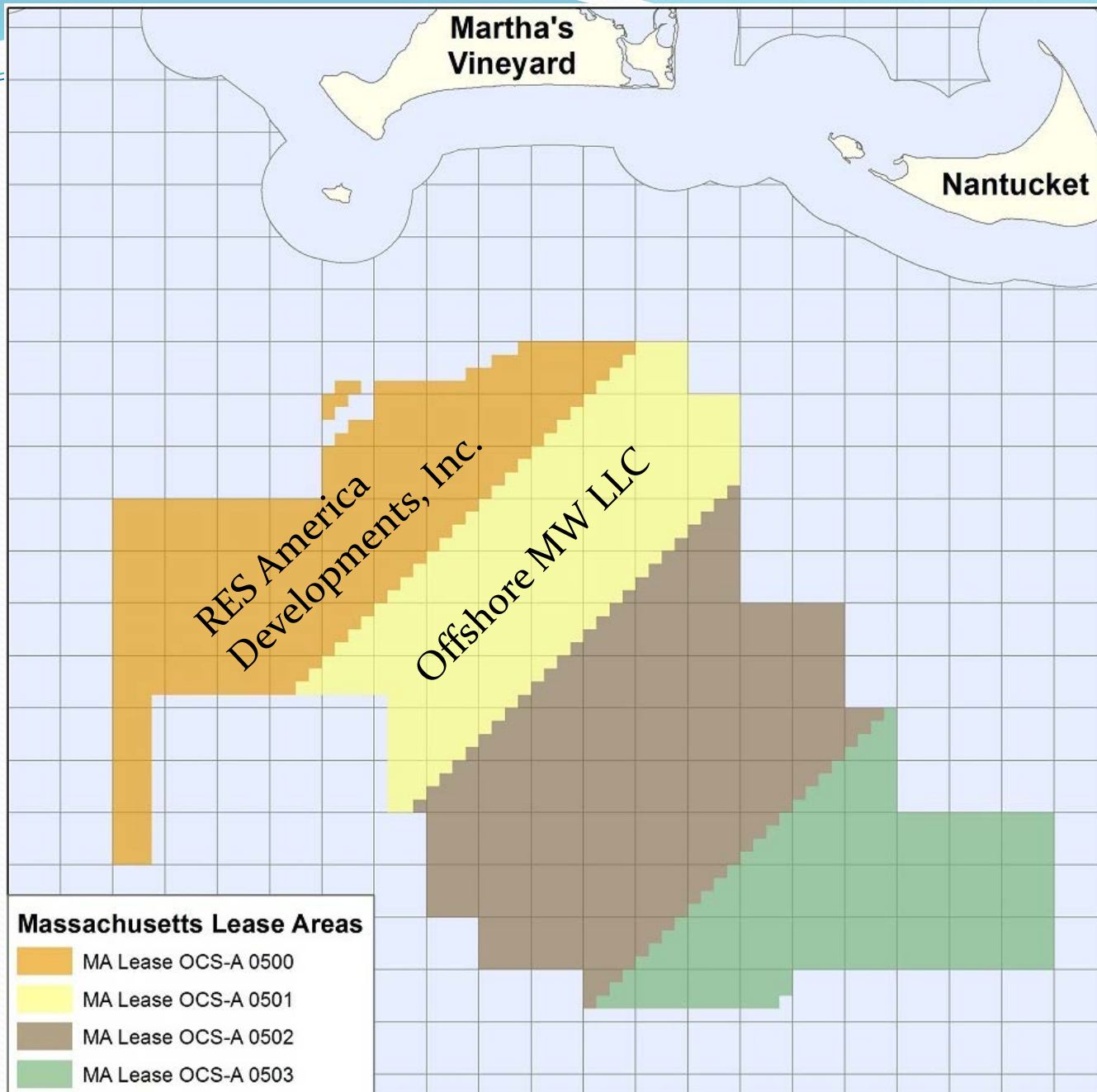
- BOEM designates a panel to consider non-monetary packages
- The panel met in advance of the auction on January 27th to consider any non-monetary submissions
- Decision Criteria
 - 1) Is there a legally binding contract?
 - 2) Is the contract between: a bidder and one or more community-based organizations (CBO)?
 - 3) Has the bidder committed to provide specified community benefits?
 - 4) Has the CBO committed in specific ways to support the project in the government approval process?
- Following the auction, the panel met again to verify the results of the auction

Round Results

Bids Received for Lease Sale ATLW-4 Offshore Massachusetts

Company Name	Round	Bid Type	As Bid	Non-Monetary Credit	Cash Bid	0500, 0501, 0502, or 0503
Round 1						
OffshoreMW LLC	1	live	\$354,409	\$18,752	\$335,657	OCS-A 0500 & 0501
RES America Developments Inc.	1	live	\$187,523	\$0	\$187,523	OCS-A 0500
Round 2						
OffshoreMW LLC	2	live	\$166,886	\$16,689	\$150,197	OCS-A 0501
OffshoreMW LLC	2	Intra-Round	\$360,000	\$18,752	\$341,248	OCS-A 0500 & 0501
RES America Developments Inc.	2	live	\$281,285	\$0	\$281,285	OCS-A 0500





Post-Auction Review

- In accordance with the Act at 43 U.S.C. 1337(c), following the auction, and before the acceptance of bids and the issuance of leases, BOEM will:

“allow the Attorney General, in consultation with the Federal Trade Commission, 30 days to review the results of the lease sale.”

Wind Energy Leases

- Leases signed by BOEM on March 23, 2015
- Leases into effect starting April 1, 2015

Questions

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