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| UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF OCEAN ENERGY MANAGEMENT COMMERCIAL LEASE OF SUBMERGED LANDS FOR RENEWABLE ENERGY DEVELOPMENT ON THE OUTER CONTINENTAL SHELF <i>Paperwork Reduction Act of 1995 statement: This form does not constitute an information collection as defined by 44 U.S.C. § 3501 et seq. and therefore does not require approval by the Office of Management and Budget.</i> | Office Camarillo, CA | Renewable Energy Lease Number OCS-P 0563 |
| | Cash Bonus and/or Acquisition Fee | Resource Type Wind |
| | Effective Date | Block Number(s) See Addendum A |

This lease, which includes any addenda hereto, is hereby entered into by and between the United States of America, ("Lessor"), acting through the Bureau of Ocean Energy Management ("BOEM"), its authorized officer, and

| | |
|---------------|----------------------|
| Lessee | Interest Held |
| | 100% |

("Lessee"). This lease is effective on the date written above ("Effective Date") and will continue in effect until the lease terminates as set forth in Addendum "B." In consideration of any cash payment heretofore made by the Lessee to the Lessor and in consideration of the promises, terms, conditions, covenants, and stipulations contained herein and attached hereto, the Lessee and the Lessor agree as follows:

Section 1: Statutes and Regulations.

This lease is issued pursuant to subsection 8(p) of the Outer Continental Shelf Lands Act ("the Act"), 43 U.S.C. §§ 1331 *et seq.* This lease is subject to the Act and regulations promulgated pursuant to the Act, including but not limited to, offshore renewable energy regulations at 30 CFR Part 585 as well as other applicable statutes and regulations in existence on the Effective Date of this lease. This lease is also subject to those statutes enacted (including amendments to the Act or other statutes) and regulations promulgated thereafter, except to the extent that they explicitly conflict with an express provision of this lease. It is expressly understood that amendments to existing statutes, including but not limited to the Act, and regulations may be made, and/or new statutes may be enacted or new regulations promulgated, which do not explicitly conflict with an express provision of this lease, and that the Lessee bears the risk that such amendments, regulations, and statutes may increase or decrease the Lessee's obligations under the lease.

Section 2: Rights of the Lessee.

- (a) The Lessor hereby grants and leases to the Lessee the exclusive right and privilege, subject to the terms and conditions of this lease and applicable regulations, to:
 - (1) submit to the Lessor for approval a Site Assessment Plan (SAP) and Construction and Operations Plan (COP) for the project identified in Addendum "A" of this lease; and
 - (2) conduct activities in the area identified in Addendum "A" of this lease ("leased area") and/or

Addendum “D” of this lease (“project easement(s)”), that are described in a SAP or COP that has been approved by the Lessor. This lease does not, by itself, authorize any activity within the leased area.

- (b) The rights granted to the Lessee herein are limited to those activities described in any SAP or COP approved by the Lessor. The rights granted to the Lessee are limited by the lease-specific terms, conditions, and stipulations required by the Lessor per Addendum “C.”
- (c) This lease does not authorize the Lessee to conduct activities on the Outer Continental Shelf (OCS) relating to or associated with the exploration for, or development or production of, oil, gas, other seabed minerals, or renewable energy resources other than those renewable energy resources identified in Addendum “A.”

Section 3: Reservations to the Lessor.

- (a) All rights in the leased area and project easement(s) not expressly granted to the Lessee by the Act, applicable regulations, this lease, or any approved SAP or COP, are hereby reserved to the Lessor.
- (b) The Lessor will decide whether to approve a SAP or COP in accordance with the applicable regulations in 30 CFR Part 585. The Lessor retains the right to disapprove a SAP or COP based on the Lessor’s determination that the proposed activities would have unacceptable environmental consequences, would conflict with one or more of the goals set forth in subsection 8(p)(4) of the Act (43 U.S.C. § 1337(p)(4)), or for other reasons provided by the Lessor pursuant to 30 CFR 585.613(e)(2) or 585.628(f)(2). Disapproval of plans will not subject the Lessor to liability under the lease. The Lessor also retains the right to approve with modifications a SAP or COP, as provided in applicable regulations.
- (c) The Lessor reserves the right to suspend the Lessee’s operations in accordance with the national security and defense provisions of Section 12 of the Act and applicable regulations.
- (d) The Lessor reserves the right to authorize other uses within the leased area and project easements(s) that will not unreasonably interfere with activities described in an approved SAP and/or COP, pursuant to this lease.

Section 4: Payments.

- (a) The Lessee must make all rent payments to the Lessor in accordance with applicable regulations in 30 CFR Part 585, unless otherwise specified in Addendum “B.”
- (b) The Lessee must make all operating fee payments to the Lessor in accordance with applicable regulations in 30 CFR Part 585, as specified in Addendum “B.”

Section 5: Plans.

The Lessee may conduct those activities described in Addendum “A” only in accordance with a SAP or COP approved by the Lessor. The Lessee may not deviate from an approved SAP or COP except as approved pursuant to applicable regulations in 30 CFR Part 585.

Section 6: Associated Project Easement(s).

Pursuant to 30 CFR 585.200(b), the Lessee has the right to one or more project easement(s), without further competition, for the purpose of installing gathering, transmission, and distribution cables, pipelines, and appurtenances on the OCS, as necessary for the full enjoyment of the lease, and under applicable regulations in 30 CFR Part 585. As part of submitting a COP for approval, the Lessee may request that one or more easement(s) be granted by the Lessor. If the Lessee requests that one or more easement(s) be granted when submitting a COP for approval, such project easements will be granted by the Lessor in accordance with the Act and applicable regulations in 30 CFR Part 585 upon approval of the COP in which the Lessee has demonstrated a need for such easements. Such easements must be in a location acceptable to the Lessor, and will be subject to such conditions as the Lessor may require. The project easement(s) that would be issued in conjunction with an approved COP under this lease will be described in Addendum "D" to this lease, which will be updated as necessary.

Section 7: Conduct of Activities.

The Lessee must conduct, and agrees to conduct, all activities in the leased area and project easement(s) in accordance with an approved SAP or COP, and with all applicable laws and regulations.

The Lessee further agrees that no activities authorized by this lease will be carried out in a manner that:

- (a) could unreasonably interfere with or endanger activities or operations carried out under any lease or grant issued or maintained pursuant to the Act, or under any other license or approval from any Federal agency;
- (b) could cause any undue harm or damage to the environment;
- (c) could create hazardous or unsafe conditions; or
- (d) could adversely affect sites, structures, or objects of historical, cultural, or archaeological significance, without notice to and direction from the Lessor on how to proceed.

Section 8: Violations, Suspensions, Cancellations, and Remedies.

If the Lessee fails to comply with (1) any of the applicable provisions of the Act or regulations, (2) the approved SAP or COP, or (3) the terms of this lease, including associated Addenda, the Lessor may exercise any of the remedies that are provided under the Act and applicable regulations, including, without limitation, issuance of cessation of operations orders, suspension or cancellation of the lease, and/or the imposition of penalties, in accordance with the Act and applicable regulations.

The Lessor may also cancel this lease for reasons set forth in subsection 5(a)(2) of the Act (43 U.S.C. § 1334(a)(2)), or for other reasons provided by the Lessor pursuant to 30 CFR 585.437.

Non-enforcement by the Lessor of a remedy for any particular violation of the applicable provisions of the Act or regulations, or the terms of this lease, will not prevent the Lessor from exercising any remedy, including cancellation of this lease, for any other violation or for the same violation occurring at any other time.

Section 9: Indemnification.

The Lessee hereby agrees to indemnify the Lessor for, and hold the Lessor harmless from, any claim caused by or resulting from any of the Lessee's operations or activities on the leased area or project easement(s) or arising out of any activities conducted by or on behalf of the Lessee or its employees, contractors (including Operator, if applicable), subcontractors, or their employees, under this lease, including claims for:

- a. loss or damage to natural resources,
- b. the release of any petroleum or any Hazardous Materials,
- c. other environmental injury of any kind,
- d. damage to property,
- e. injury to persons, and/or
- f. costs or expenses incurred by the Lessor.

Except as provided in any addenda to this lease, the Lessee will not be liable for any losses or damages proximately caused by the activities of the Lessor or the Lessor's employees, contractors, subcontractors, or their employees. The Lessee must pay the Lessor for damage, cost, or expense due and pursuant to this Section within 90 days after written demand by the Lessor. Nothing in this lease will be construed to waive any liability or relieve the Lessee from any penalties, sanctions, or claims that would otherwise apply by statute, regulation, operation of law, or that could be imposed by the Lessor or other government agency acting under such laws.

"Hazardous Material" means

1. A "hazardous substance" or a "pollutant or contaminant" as defined by the *Comprehensive Environmental Response, Compensation, and Liability Act* at 42 U.S.C. §§ 9601(14) and (33);
2. Any "regulated substance" as defined by the Resource Conservation and Recovery Act ("RCRA") at 42 U.S.C. § 6991(7), whether or not contained in or released from underground storage tanks, and any hazardous waste regulated under RCRA pursuant to 42 U.S.C. §§ 6921 *et seq.*;
3. "Oil," as defined by the Clean Water Act at 33 U.S.C. § 1321(a)(1) and the Oil Pollution Act at 33 U.S.C. § 2701(23); or
4. Other substances that applicable Federal, state, tribal, or local laws define and regulate as "hazardous."

Section 10: Financial Assurance.

The Lessee must provide and maintain at all times a surety bond(s) or other form(s) of financial assurance approved by the Lessor in the amount specified in Addendum "B." If, at any time during the term of this lease, the Lessor requires additional financial assurance under the authority of applicable regulations in 30 CFR Part 585, then the Lessee must furnish the additional financial assurance required by the Lessor in a form acceptable to the Lessor within 90 days after receipt of the Lessor's notice of such adjustment.

Section 11: Assignment or Transfer of Lease.

This lease may not be assigned or transferred in whole or in part without written approval of the Lessor. The Lessor reserves the right, in its sole discretion, to deny approval of the Lessee's application to transfer or assign all or part of this lease. Any assignment will be effective on the date

the Lessor approves the Lessee's application. Any assignment made in contravention of this section is void.

Section 12: Relinquishment of Lease.

The Lessee may relinquish this entire lease or any officially designated subdivision thereof by filing with the appropriate office of the Lessor a written relinquishment application, in accordance with applicable regulations in 30 CFR Part 585. No relinquishment of this lease or any portion thereof will relieve the Lessee or its surety of the obligations accrued hereunder, including but not limited to, the responsibility to remove property and restore the leased area and project easement(s) pursuant to section 13 of this lease and applicable regulations.

Section 13: Removal of Property and Restoration of the Leased Area and Project Easement(s) on Termination of Lease.

Unless otherwise authorized by the Lessor, pursuant to the applicable regulations in 30 CFR Part 585, the Lessee must remove or decommission all facilities, projects, cables, pipelines, and obstructions and clear the seafloor of all obstructions created by activities on the leased area and project easement(s) within two years following lease termination, whether by expiration, cancellation, contraction, or relinquishment, in accordance with any approved SAP, COP, or approved Decommissioning Application, and applicable regulations in 30 CFR Part 585.

Section 14: Safety Requirements.

The Lessee must:

- a. maintain all places of employment for activities authorized under this lease in compliance with occupational safety and health standards and, in addition, free from recognized hazards to employees of the Lessee or of any contractor or subcontractor operating under this lease;
- b. maintain all operations within the leased area and project easement(s) in compliance with regulations in 30 CFR Part 585 and orders from the Lessor and other Federal agencies with jurisdiction, intended to protect persons, property and the environment on the OCS; and
- c. provide any requested documents and records, which are pertinent to occupational or public health, safety, or environmental protection, and allow prompt access, at the site of any operation or activity conducted under this lease, to any inspector authorized by the Lessor or other Federal agency with jurisdiction.

Section 15: Debarment Compliance.

The Lessee must comply with the Department of the Interior's non-procurement debarment and suspension regulations set forth in 2 CFR Parts 180 and 1400 and must communicate the requirement to comply with these regulations to persons with whom it does business related to this lease by including this requirement in all relevant contracts and transactions.

Section 16: Equal Opportunity Clause.

During the performance of this lease, the Lessee must fully comply with paragraphs (1) through (7) of Section 202 of Executive Order 11246, as amended (reprinted in 41 CFR 60-1.4(a)), and the implementing regulations, which are for the purpose of preventing employment discrimination against persons on the basis of race, color, religion, sex, or national origin. Paragraphs (1) through (7) of Section 202 of Executive Order 11246, as amended, are incorporated in this lease by reference.

Section 17: Certification of Nonsegregated Facilities.

By entering into this lease, the Lessee certifies, as specified in 41 CFR 60-1.8, that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. As used in this certification, the term "facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees. Segregated facilities include those that are segregated by explicit directive or those that are in fact segregated on the basis of race, color, religion, sex, or national origin, because of habit, local custom, or otherwise; provided, that separate or single-user restrooms and necessary dressing or sleeping areas must be provided to assure privacy as appropriate. The Lessee further agrees that it will obtain identical certifications from proposed contractors and subcontractors prior to awarding contracts or subcontracts unless they are exempt under 41 CFR 60-1.5.

Section 18: Notices.

All notices or reports provided from one party to the other under the terms of this lease must be in writing, except as provided herein and in the applicable regulations in 30 CFR Part 585. Written notices and reports must be delivered to the Lessee's or Lessor's Lease Representative, as specifically listed in Addendum "A," either electronically, by hand, by facsimile, or by United States first class mail, adequate postage prepaid. Each party must, as soon as practicable, notify the other of a change to their Lessee's or Lessor's Contact Information listed in Addendum "A" by a written notice signed by a duly authorized signatory and delivered by hand or United States first class mail, adequate postage prepaid. Until such notice is delivered as provided in this section, the last recorded contact information for either party will be deemed current for service of all notices and reports required under this lease. For all operational matters, notices and reports must be provided to the party's Operations Representative, as specifically listed in Addendum "A," as well as the Lease Representative.

Section 19: Severability Clause.

If any provision of this lease is held unenforceable, all remaining provisions of this lease will remain in full force and effect.

Section 20: Modification.

Unless otherwise authorized by the applicable regulations in 30 CFR Part 585, this lease may be modified or amended only by mutual agreement of the Lessor and the Lessee. No such modification or amendment will be binding unless it is in writing and signed by duly authorized signatories of the Lessor and the Lessee.

| | |
|-----------------------------------|--|
| _____ | _____ |
| Lessee | The United States of America Lessor |
| _____ | _____ |
| (Signature of Authorized Officer) | (Signature of Authorized Officer) |
| _____ | _____ |
| (Name of Signatory) | (Name of Signatory) |
| _____ | _____ |
| (Title) | (Title) |
| _____ | _____ |
| (Date) | (Date) |

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF OCEAN ENERGY MANAGEMENT

ADDENDUM "A"

DESCRIPTION OF LEASED AREA AND LEASE ACTIVITIES

Lease Number OCS-P 0563

I. Lessor and Lessee Contact Information

Lessee Company Number: _____

(a) Lessor's Contact Information

| | Lease Representative | Operations Representative |
|---------|--|----------------------------------|
| Title | Regional Director | Same as Lease Representative |
| Address | U.S. Department of the Interior Bureau of Ocean Energy Management Pacific Regional Office Mail Stop CM 102 760 Paseo Camarillo, Suite 102 Camarillo, CA 93010-6002 | |
| Phone | (855) 320-1484 | |
| Fax | (805) 388-1049 | |
| Email | renewableenergypocs@boem.gov | |

(b) Lessee's Contact Information

| | Lease Representative | Operations Representative |
|---------|-----------------------------|----------------------------------|
| Name | | |
| Title | | |
| Address | | |
| Phone | | |
| Fax | | |
| Email | | |

II. Description of Leased Area

The total acreage of the leased area is approximately 80,062 acres, more or less.

This area is subject to later adjustment, in accordance with applicable regulations (e.g., contraction, relinquishment, etc.).

Lease OCS-P 0563

The following Blocks or portions of Blocks lying within Official Protraction Diagram NK10-07 are depicted on the map below and comprise 58,712 acres, more or less.

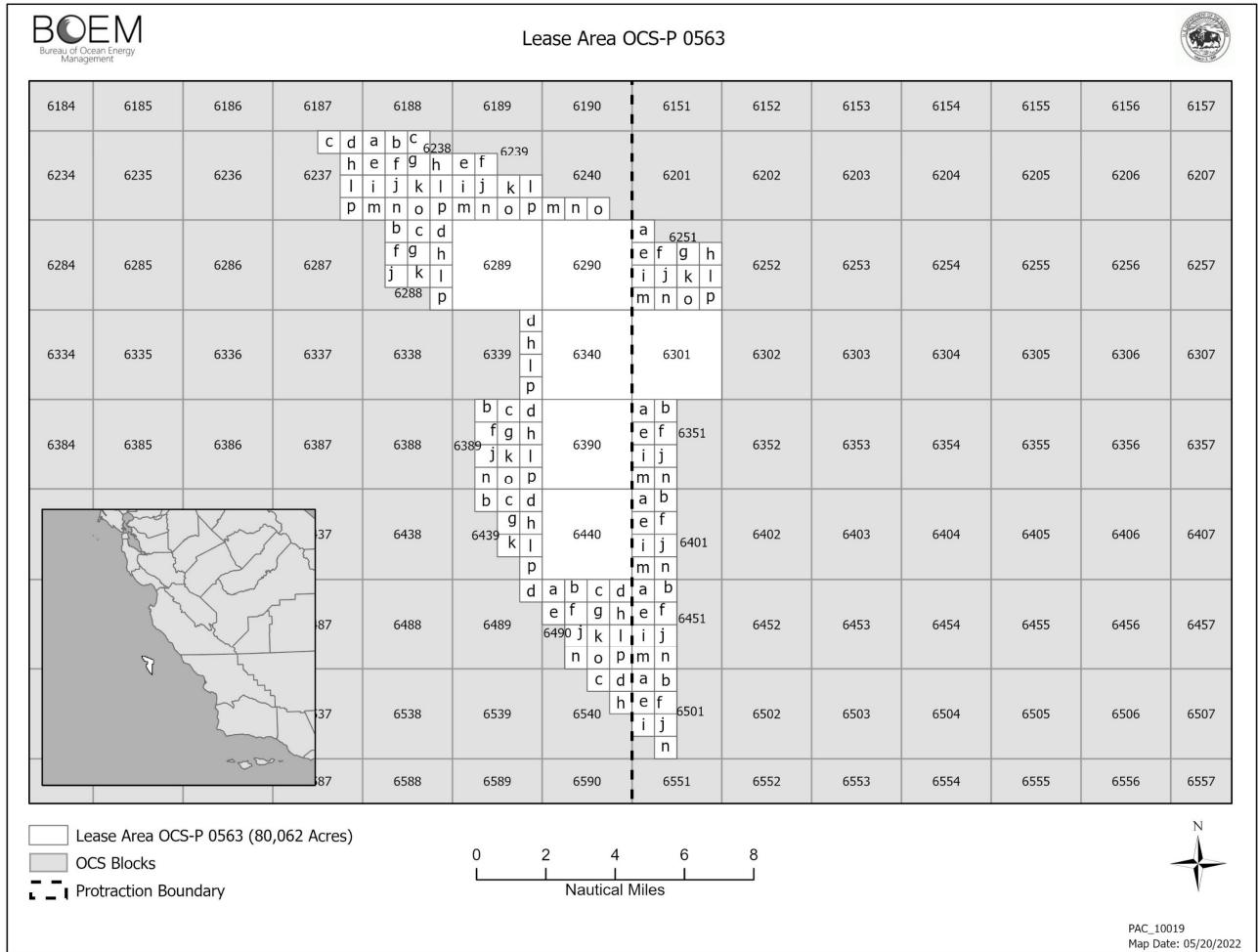
- 1) Block 6237, C, D, H, L, P
- 2) Block 6238, A, B, C, E, F, G, H, I, J, K, L, M, N, O, P
- 3) Block 6239, E, F, I, J, K, L, M, N, O, P
- 4) Block 6240, M, N, O
- 5) Block 6288, B, C, D, F, G, H, J, K, L, P
- 6) Block 6289, All
- 7) Block 6290, All
- 8) Block 6339, D, H, L, P
- 9) Block 6340, All
- 10) Block 6389, B, C, D, F, G, H, J, K, L, N, O, P
- 11) Block 6390, All
- 12) Block 6439, B, C, D, G, H, K, L, P
- 13) Block 6440, All
- 14) Block 6489, D
- 15) Block 6490, A, B, C, D, E, F, G, H, J, K, L, N, O, P
- 16) Block 6540, C, D, H

The following Blocks or portions of Blocks lying within Official Protraction Diagram NK10-10 are depicted on the map below and comprise 21,350 acres, more or less.

- 1) Block 6251, A, E, F, G, H, I, J, K, L, M, N, O, P
- 2) Block 6301, All
- 3) Block 6351, A, B, E, F, I, J, M, N
- 4) Block 6401, A, B, E, F, I, J, M, N
- 5) Block 6451, A, B, E, F, I, J, M, N
- 6) Block 6501, A, B, E, F, I, J, N

For the purposes of these calculations, a full Block is 2,304 hectares. The acreage of a hectare is 2.471043930.

Map of Lease OCS-P 0563



III. Renewable Energy Resource Wind

IV. Description of the Project

A project to generate energy using wind turbine generators and any associated resource assessment activities, located on the Outer Continental Shelf in the leased area, as well as associated offshore substation platforms, inner array cables, and subsea export cables.

V. Description of Project Easement(s)

Once approved, the Lessor will incorporate Lessee's project easement(s) in this lease as Addendum "D."

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF OCEAN ENERGY MANAGEMENT

ADDENDUM “B”

LEASE TERM AND FINANCIAL SCHEDULE

Lease Number OCS-P 0563

I. Lease Term

The duration of each term of the lease is described below. The terms may be extended or otherwise modified in accordance with applicable regulations in 30 CFR Part 585.

| Lease Term | Duration |
|----------------------|-----------------|
| Preliminary Term | 1 year |
| Site Assessment Term | 5 years |
| Operations Term | 33 years |

Schedule: Addendum “C” includes a schedule and reporting requirements for conducting site characterization activities.

Renewal: The Lessee may request renewal of the operations term of this lease, in accordance with applicable regulations in 30 CFR part 585. The Lessor, at its discretion, may approve a renewal request to conduct substantially similar activities as were originally authorized under this lease or in an approved plan. The Lessor will not approve a renewal request that involves development of a type of renewable energy not originally authorized in the lease. The Lessor may revise or adjust payment terms of the original lease as a condition of lease renewal.

II. Definitions

“Lease Issuance Date” refers to the date on which this lease has been signed by *both* the Lessee and the Lessor.

“Effective Date” has the same meaning as “effective date” in the Bureau of Ocean Energy Management (BOEM) regulations provided in 30 CFR 585.237.

“Lease Anniversary” refers to the anniversary of the Effective Date of the lease.

“End Date” refers to the earlier of a) the last calendar day of the last month of the Operations Term; or b) the date on which the lease terminates in the event of a lease termination for another reason under 30 CFR 585.432.

“Commercial Operations” means the generation of electricity or other energy product for

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Previous editions are obsolete.

commercial use, sale, or distribution.

“Commercial Operation Date,” or “COD,” refers to the date on which the Lessee first begins Commercial Operations on the lease.

“Delivery Point” is the meter identified in the Construction and Operations Plan (COP) where the Lessee’s facility interconnects with the electric grid to deliver electricity for sale.

An individual wind generation turbine is said to be “available for Commercial Operations” on or after the first day that it engages in Commercial Operations on the lease; and to be no longer available for Commercial Operations on or after the day when it is permanently decommissioned. These dates are determined by the COP, the Facility Design Report (FDR) or Fabrication and Installation Report (FIR).

III. Payments

Unless otherwise authorized by the Lessor in accordance with the applicable regulations in 30 CFR Part 585, the Lessee must make payments as described below.

(a) **Rent.** The Lessee must pay rent as described below:

Rent payments prior to the COD, or prior to the lease End Date in the event that the lease terminates prior to the COD, are calculated by multiplying the acres in the leased area times the rental rate per acre. The acreage for Lease OCS-P 0563 is documented in Addendum “A.” For example:

- Acres: 100,000
- Annual Rental Rate: \$3.00 per acre or fraction thereof
- Rental Fee for Entire Leased Area: $\$3.00 \times 100,000 = \$300,000$

The first year’s rent payment is due within 45 days of the date that the lease is received by the Lessee for execution, in accordance with 30 CFR 585.503. Rent for the entire leased area for the next year and for each subsequent year is due on or before each Lease Anniversary through the year in which the COD occurs. The rent for each year subsequent to the COD on the portion of the lease not authorized for Commercial Operations is due on or before each Lease Anniversary.

Once a portion of the lease begins commercial operations, rent will only be due for the undeveloped or non-operating acreage. The rent calculation becomes a three-step process:

- (1) rent is calculated on the portion of the lease not authorized for commercial operations.
- (2) rent is calculated on the portion of the lease authorized for commercial operations, but without operating turbines.

(3) the sum of (1) and (2) yield the rent due.

Step (1): The Lessee will continue to pay rent at the lease rate for acreage outside the approved commercial project area. The demarcation between acreage for a commercial project and undeveloped acreage will be defined in the COP or supplemental documents approved by BOEM. For example, if the total lease acreage is 100,000 acres and exactly three-quarters of the lease acreage is approved for commercial operations, 25,000 acres is not authorized for commercial operations.

- Acres: 25,000
- Annual Rental Rate: \$3.00 per acre or fraction thereof
- Rental Fee for Undeveloped Leased Area: $\$3.00 \times 25,000 = \$75,000$

Step (2): Acreage for the approved project area subject to rent will be the complement of the operating name plate capacity divided by the total nameplate capacity, $\frac{M_t}{\sum N_w}$, as defined in Section III (b) (4) below, prior to any adjustments as specified in the most recent approved COP for turbine maintenance, replacements, repowering, or decommissioning. If contiguous acreage for an approved project cannot be developed due to buffers or other surface occupancy restrictions, it will be considered part of the operating area of the lease and covered by the lease's operating fee payment.

- Acres: 75,000
- Annual Rental Rate: \$3.00 per acre or fraction thereof
- Rental Fee for Undeveloped Acreage Authorized for Commercial Operations:
 $\$3.00 \times 75,000 \times \left(1 - \frac{M_t}{\sum N_w}\right) = \Rent

Using the summed capacity of 14.21 megawatts (MW) from the 30 MW project in Table 1 from Section III (b) (4) below, the rental calculation for the project area is: $\$3.00 \times 75,000 \times (1 - 0.473667) = \$118,425$

Step (3): Summing the rent due in steps (1) & (2): $\$75,000 + \$118,425 = \$193,425$.

- The Adjusted Annual Rent Payment will be rounded up to the nearest dollar.

All rent payments must be made as required in 30 CFR 1218.51. Late rent payments will be charged underpayment interest in accordance with 30 CFR 1218.54.

Advance lease rent and operating fee payments are due annually, before the lease anniversary date. All rent payments, including the last rent payment, are payable for the full year and will not be prorated to the COD or other installation milestones. If the installation schedule proceeds more quickly than projected by the Lessee, lease payments may need to be reconciled. The Lessee should work with BOEM's Pacific Regional Office and the Office of Natural Resources Revenue on any payment reconciliation as instructed in Section III (c).

(1) Project Easement.

Rent for any project easement(s) is described in Addendum "D".

(2) Relinquishment.

If the Lessee submits an application for relinquishment of a portion of the leased area within the first 45 calendar days following the date that the lease is received by the Lessee for execution, and the Lessor approves that application, no rent payment will be due on that relinquished portion of the leased area. Later relinquishments of any leased area will reduce the Lessee's rent payments due the year following the Lessor's approval of the relinquishment, through a reduction in the Acres in Leased Area, the corresponding Rental Fee for the Entire Leased Area, and any related Adjusted Annual Rent Payments.

(b) **Operating Fee.** The Lessee must pay an operating fee as described below:

(1) Initial Operating Fee Payment.

The Lessee must pay an initial prorated operating fee within 45 calendar days after the COD. The initial operating fee payment covers the first year of Commercial Operations on the lease and will be calculated in accordance with subsection (4) below, using an operating fee rate of 0.02 and a capacity factor of 0.4.

(2) Annual Operating Fee Payments.

The Lessee must pay the operating fee for each subsequent year of Commercial Operations on or before each Lease Anniversary following the formula in subsection (4) below. The Lessee must calculate each operating fee annually subsequent to the initial operating fee payment using an operating fee rate of 0.02 through the 33-year operations term of the lease. The capacity factor of 0.4 will remain in effect until the Lease Anniversary of the year in which the Lessor adjusts the capacity factor.

(3) Final Operating Fee Payment.

The final operating fee payment is due on the Lease Anniversary prior to the End Date. The final operating fee payment covers the last year of Commercial Operations on the lease and will be calculated in accordance with the formula in subsection (4) below.

(4) The formula for calculating the operating fee in year t.

| | | | | | | | | | | |
|------------------------|---|----------------------|---|------------------|---|-------------------|---|---------------|---|----------------------|
| F_t | = | M_t | * | H | * | C_p | * | P_t | * | r_t |
| (annual operating fee) | | (nameplate capacity) | | (hours per year) | | (capacity factor) | | (power price) | | (operating fee rate) |

Where:

| | |
|------------------|--|
| t = | the year of Commercial Operations on the lease starting from each Lease Anniversary, where t equals 1 represents the year beginning on the Lease Anniversary prior to, or on, the COD. |
| F _t = | the dollar amount of the annual operating fee in year t . |
| M _t = | <p>the nameplate capacity expressed in MW rounded to the nearest second decimal place in year t of Commercial Operations on the lease. The capacity calculation is a two-step process: (1) scaling each turbine's nameplate capacity in proportion to the number of days in the year that it is operational and (2) summing these scaled values across all turbines.</p> <p>The value of M_t, reflecting the availability of turbines, will be determined based on the FDR or FIR. This value will be adjusted to reflect any changes to installed capacity approved by BOEM as of the date each operating fee payment is due, in accordance with the calculation in Equation 1, for each year of Commercial Operations on the lease.</p> $(1) M_t = \sum_{w=1}^{W_t} \left(N_w \times \left[\frac{Y_{w,t}}{D} \right] \right)$ <p>Where:</p> <p>W_t = Number of individual wind generation turbines, w, that will be available for Commercial Operations during any day of the year, t, per the FDR or FIR.</p> <p>N_w = Nameplate capacity of individual wind generation turbine, w, per the FDR or FIR expressed in MW.</p> <p>$Y_{w,t}$ = Number of days that turbine w is commercially available during year.</p> <p>D = Days in the year set equal to 365 in all years for purposes of this calculation.</p> <p>M_t may be reduced only when installed capacity is permanently decommissioned. M_t will not be changed in response to routine or unplanned maintenance of units, including the temporary removal of a nacelle for off-site repair or replacement with a similar unit.</p> <p>EXAMPLE: Table 1 illustrates the calculations represented by Equation (1) for a single lease year for a lease on which the Lessee plans to erect six turbines, each with a nameplate capacity of 5 MW. Based on the days in each turbine's commercial operations period (column B), the exhibit shows the number of days during the year that the turbine is available for operation. Dividing this value by 365 (column D) yields the percent of days during the year that the turbine is available for operation (column E). For each turbine, the resulting percentage (column E) is multiplied by its nameplate capacity (column A) to calculate its scaled capacity for the year (column F). The individual values in column F are then summed across all six turbines to calculate total capacity (M_t).</p> |

| Table 1: Example of M_t Calculations for Installation | | | | | | |
|---|---|---------------------------|-----|-----|-------|------|
| | | | | | — | — |
| #1 | 5 | January 1 to December 31 | 365 | 365 | 100% | 5.00 |
| #2 | 5 | January 1 to December 31 | 365 | 365 | 100% | 5.00 |
| #3 | 5 | October 1 to December 31 | 92 | 365 | 25.2% | 1.26 |
| #4 | 5 | October 1 to December 31 | 92 | 365 | 25.2% | 1.26 |
| #5 | 5 | October 1 to December 31 | 92 | 365 | 25.2% | 1.26 |
| #6 | 5 | December 1 to December 31 | 31 | 365 | 8.5% | 0.42 |

Available capacity summed across all turbines: $M_t = \sum_{w=1}^{W_t} \left(N_w \times \left[\frac{Y_{w,t}}{D} \right] \right) = 14.21$

The same calculation would be performed for the lease during the decommissioning phase.

H = the number of hours in the year for billing purposes which is equal to 8,760 for all years of Commercial Operations on the lease.

c_p = the “Capacity Factor” in Performance Period p, which represents the share of anticipated generation of the facility that is delivered to where the Lessee’s facility interconnects with the electric grid (i.e., the Delivery Point) relative to its generation at continuous full power operation at the nameplate capacity, expressed as a decimal between zero and one.

The initial Capacity Factor (c_0) will be set to 0.4.

The Capacity Factor will be subject to adjustment at the end of each Performance Period. After the sixth year of Commercial Operations on the lease has concluded, the Lessee will utilize data gathered from years two through six of Commercial Operations on the lease and propose a revised Capacity Factor to be used to calculate subsequent annual payments, as provided for in Table 2 below. A similar process will be conducted at the conclusion of each five-year Performance Period, thereafter.

Table 2: Definition of Performance Periods

| Performance Period (p) | Commercial Operation Years (t) | Payments Affected by Adjustment | Capacity Factor (c) | Date End Year (n) |
|----------------------------|------------------------------------|---------------------------------|-------------------------|-----------------------|
| 0 (COD) | Not Applicable | Payments 1 to 7 | $c_0=0.4$ | -- |
| 1 | $t = 2$ to 6 | Payments 8 to 12 | c_1 | $n_1=6$ |

| | | | | |
|---|----------------|-------------------|-------|----------|
| 2 | $t = 7$ to 11 | Payments 13 to 17 | c_2 | $n_2=11$ |
| 3 | $t = 12$ to 16 | Payments 18 to 22 | c_3 | $n_3=16$ |
| 4 | $t = 17$ to 21 | Payments 23 to 27 | c_4 | $n_4=21$ |
| 5 | $t = 22$ to 26 | Payments 28 to 32 | c_5 | $n_5=26$ |
| 6 | $t = 27$ to 31 | Payment 33 | c_6 | $n_6=31$ |

Adjustments to the Capacity Factor

The Actual 5-year Average Capacity Factor (X_p) is calculated for each Performance Period after COD ($p > 0$) per Equation 2 below. X_p represents the sum of actual, metered electricity generation in megawatt-hours (MWh) at the Delivery Point to the electric grid (A_t) divided by the amount of electricity generation in MWh that would have been produced if the facility operated continuously at its full, stated capacity (M_t) in all of the hours (h_t) in each year, t , of the corresponding five-year period.

$$(2) X_p = \frac{\sum_{t=n-4}^n A_t}{(\sum_{t=n-4}^n M_t \times h_t)}$$

Where:

M_t = Nameplate Capacity as defined above.

n = "Date End Year" value for the Performance Period, p , as defined in Table 2.

p = Performance Period as defined in Table 2.

A_t = Actual generation in MWh associated with each year of Commercial Operations, t , on the lease that is transferred at the Delivery Point; Delivery Point meter data supporting the values submitted for annual actual generation must be recorded, preserved, and timely provided to the Lessor upon request. The generation data for the facility must be the same data reported on the Energy Information Administration's EIA-923.

h_t = Hours in the year on which the Actual Generation associated with each year of Commercial Operations, t , on the lease is based; this definition of "hours in the year" differs from the definition of H in the operating fee equation above. The hours in the year for purposes of calculating the capacity factor must take into account the actual number of hours, including those in leap years.

The value of the Capacity Factor at the outset of Commercial Operations ($p = 0$) is set to 0.4 as stated in equation 3:

$$(3) c_0 = 0.4$$

P_t = a measure of the annual average wholesale electric power price expressed in dollars

| | |
|---------|---|
| | <p>per MWh.</p> <p>The Lessee must calculate P_t at the time each operating fee payment is due, subject to approval by the Lessor. The Price (P_t) must equal the simple average of the “on-the-hour” spot price indices for the California Independent System Operator (California ISO) North of Path 15 (NP15) market hub price for the most recent calendar year of data available. Aggregated data from commercial subscription services such as S&P Global Market Intelligence Platform or Hitachi ABB Velocity Suite can also be used and may be posted by BOEM for reference. BOEM may post the power price data it intends to use for the Lessee’s reference.</p> <p>The source of data used in the calculations must be noted in the Lessee’s documentation supporting their estimate of the value of P_t each year for review and approval by the Lessor. BOEM will use the posted prices to verify the Lessee’s calculations.</p> |
| $r_t =$ | the operating fee rate of 0.02 (2%). |

(c) Reporting, Validation, Audits, and Late Payments.

The Lessee must submit the values used in the operating fee formula to the Lessor at the time the annual payment based on these values is made. Submission of this and other reporting, validation, audit, and late payment information as requested by the Lessor must be sent to the Lessor using the contact information indicated in Addendum “A”, unless the Lessor directs otherwise. Failure to submit the estimated values and the associated documentation on time to the Lessor may result in penalties as specified in applicable regulations.

Within 60 days of the submission by the Lessee of the annual payment, the Lessor will review the data submitted and validate that the operating fee formula was applied correctly. If the Lessor validation results in a different operating fee amount, the amount of the annual operating fee payment will be revised to the amount determined by the Lessor.

The Lessor also reserves the right to audit the meter data upon which the Actual 5-year Average Capacity Factor is based at any time during the lease term. If, as a result of such audit, the Lessor determines that any annual operating fee payment was calculated incorrectly, the Lessor has the right to correct any errors and collect the correct annual operating fee payment amount.

If the annual operating fee is revised downward as a result of the Lessee’s calculations, as validated by the Lessor, or an audit of meter data conducted by the Lessee or Lessor, the Lessee will be refunded the difference between the amount of the payment received and the amount of the revised annual operating fee, without interest. Similarly, if the payment amount is revised upward, the Lessee is required to pay the difference between the amount of the payment received and the amount of the revised annual operating fee, plus underpayment interest on the balance, in accordance with 30 CFR § 1218.54.

Late operating fee payments will be charged underpayment interest in accordance with 30 CFR § 1218.54.

IV. Financial Assurance

The Lessor will base the determination for the amounts of all Site Assessment Plan (SAP), COP, and decommissioning financial assurance requirements on estimates of the cost to meet all accrued lease obligations. The Lessor will determine the amount of supplemental and decommissioning financial assurance requirements on a case-by-case basis. The amount of financial assurance required to meet all lease obligations includes:

- (a) **Initial Financial Assurance.** Prior to the Lease Issuance, the Lessee must provide an initial lease-specific bond, or other approved means of meeting the Lessor's initial financial assurance requirements in an amount equal to \$100,000.
- (b) **Additional Financial Assurance.** In addition to the initial lease-specific financial assurance discussed and as set forth above, the Lessee is also required to provide additional supplemental bonds associated with the SAP and COP, or other form of financial assurances and a decommissioning bond or other approved means of meeting the Lessee's decommissioning obligations.
 - (1) Prior to the Lessor's approval of a SAP, the Lessor will require an additional supplemental bond or other form of financial assurance in an amount determined by the Lessor based on the complexity, number, and location of all facilities involved in the site assessment activities planned in the SAP, and estimates of the costs to meet all accrued obligations, in accordance with applicable BOEM regulations (30 CFR 585.515-537). The supplemental financial assurance requirement is in addition to the initial lease-specific financial assurance in the amount of \$100,000. The Lessee may meet these obligations by providing a new bond or other acceptable form of financial assurance, or increasing the amount of its existing bond or other form of financial assurance.
 - (2) Prior to the Lessor's approval of a COP, the Lessor may require an additional supplemental bond or other form of financial assurance in an amount determined by the Lessor based on the complexity, number, location of all facilities, activities, and Commercial Operations planned in the COP, and estimates of the costs to meet all accrued obligations, in accordance with applicable BOEM regulations (30 CFR 585.515-537). The supplemental financial assurance requirement is in addition to the initial lease-specific financial assurance in the amount of \$100,000, and an additional supplemental bond or other form of financial assurance required with the SAP. The Lessee may meet this obligation by providing a new bond or other acceptable form of financial assurance, or increasing the amount of its existing bond or other form of financial assurance.

- (3) The Lessor will require a decommissioning bond or other form of financial assurance based on the anticipated decommissioning costs in accordance with applicable BOEM regulations (30 CFR 585.515-537). The decommissioning obligation must be satisfied through an acceptable form of financial assurance and will be due according to the schedule beginning before commencement of the installation of commercial facilities on a date or dates to be determined by the Lessor.
- (c) **Adjustments to Financial Assurance Amounts.** The Lessor reserves the right to adjust the amount of any financial assurance requirement (initial, supplemental, or decommissioning) associated with this lease and/or reassess the Lessee's cumulative lease obligations, including decommissioning obligations, at any time. If the Lessee's cumulative lease obligations and/or liabilities increase or decrease, the Lessor will notify the Lessee of any intended adjustment to the financial assurance requirements and provide the Lessee an opportunity to comment in accordance with applicable BOEM regulations.

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF OCEAN ENERGY MANAGEMENT

ADDENDUM “C”

LEASE-SPECIFIC TERMS, CONDITIONS, AND STIPULATIONS

Lease Number OCS-P 0563

The Lessee’s rights to conduct activities on the leased area are subject to the following terms, conditions, and stipulations. The Lessor reserves the right to impose additional terms and conditions incident to the future approval or approval with modifications of plans, such as a Site Assessment Plan (SAP) or Construction and Operations Plan (COP).

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1 DEFINITIONS

- 1.1** Definition of “Archaeological Resource”: The term “archaeological resource” has the same meaning as “archaeological resource” in the Bureau of Ocean Energy Management (BOEM) regulations provided in 30 CFR 585.112.
- 1.2** Definition of “Effective Date”: The term “Effective Date” has the same meaning as “effective date” in BOEM regulations provided in 30 CFR 585.237.
- 1.3** Definition of “Geological and Geophysical Survey (G&G Survey)”: The term “G&G Survey” serves as a collective term for surveys that collect data on the geology of the seafloor and landforms below the seafloor. High resolution geophysical surveys and geotechnical (sub-bottom) exploration are components of G&G surveys.
- 1.4** Definition of “Geotechnical Exploration”: The term “Geotechnical Exploration,” also referred to as “Sub-bottom Sampling,” or “Geotechnical Testing,” is used to collectively refer to acquiring site specific sediment and underlying geologic data acquired from the seafloor and the sub-bottom and includes geotechnical surveys utilizing deep borings, vibracores, and cone penetration tests.
- 1.5** Definition of “High Resolution Geophysical Survey (HRG Survey)”: The term “HRG Survey” means a marine remote-sensing survey using, but not limited to, such equipment as side-scan sonar, magnetometer, shallow and medium (seismic) penetration sub-bottom profiler systems, narrow beam or multibeam echo sounder, or other such equipment employed for the purposes of providing data on geological conditions, identifying shallow hazards, identifying archaeological resources, charting bathymetry, and gathering other site characterization information.
- 1.6** Definition of “Protected Species”: The term “protected species” includes those species protected under the Endangered Species Act and those protected under the Marine Mammal Protection Act).
- 1.7** Definition of “Site Assessment Activities”: The term “site assessment activities” or “site assessment,” has the same meaning as “site assessment activities” in 30 CFR 585.112.
- 1.8** Definition of “Qualified Marine Archaeologist”: The term “qualified marine archaeologist” means a person retained by the Lessee who meets the Secretary of the Interior's Professional Qualifications Standards for Archaeology (48 FR 44738 - 44739) and has experience analyzing and interpreting marine geophysical data.

2 SITE CHARACTERIZATION

- 2.1 Survey Plan(s):** Prior to conducting each physical, biological, or cultural resources survey in support of the submission of a plan, the Lessee must submit to the Lessor a survey plan. Each distinct survey effort (e.g., mobilization) must be addressed by a survey plan, although a single survey plan may cover more than one survey effort and may cover multiple types of activities (e.g., geotechnical and geophysical surveys on lease and along cable routes).

Each survey plan must include details of activities to be conducted and timelines of each survey effort necessary to support the submission of a plan (i.e., necessary to satisfy the information requirements in the applicable regulations, including but not limited to 30 CFR 585.606, 610, 611, 621, 626, 627, et al.). The Lessor will not accept survey plans that do not provide sufficient detail for review, including but not limited to specific description and illustration of the geographic areas to be surveyed, specific discussion of the survey methods and equipment to be employed, and a schedule of survey activities.

The Lessee must demonstrate compliance with each of the lease stipulations in Section 5 of Addendum "C" and include any waiver requests in its initial survey plan. Each survey plan must be consistent with the Lessee's Fisheries Communications Plan (FCP) (see 5.3.2) and Native American Tribes Communications Plan (NATCP) (see 3.1.2.1), and include a description of the Lessee's intentions to coordinate with the U.S. Coast Guard (USCG) to prepare a Notice to Mariners for the specific survey activities described in the survey plan.

The Lessee must submit a survey plan to the Lessor at least 90 calendar days prior to commencement of any survey activities described in the survey plan. Within 30 calendar days from receipt, the Lessor may request the Lessee modify the survey plan to address any comments the Lessor submits to the Lessee on the contents of the survey plan. Comments must be addressed by the Lessee in a manner deemed satisfactory by the Lessor prior to commencement of the survey activities. If the Lessor does not respond with comments or objections within 30 calendar days of receipt of the survey plan, the Lessee may proceed with the survey activities per the proposed schedule. The lack of Lessor comment or objection to the survey plan does not ensure acceptance of the survey results with the SAP and/or COP.

- 2.2 Pre-Survey Meeting(s) with the Lessor:** If requested by the Lessor, the Lessee must hold a pre-survey meeting with the Lessor prior to the commencement of survey activities to discuss the applicable survey plan. The Lessee must ensure the presence at this meeting of all relevant subject matter experts, as requested by the Lessor.

3 REPORTING

3.1 Progress Report: The Lessee must submit to the Lessor a progress report every six months (unless BOEM directs otherwise) through the duration of the site assessment term that includes a brief narrative of the overall progress since the last progress report, or—in the case of the first report—since the Effective Date. Within 60 calendar days from receipt, the Lessor may request the Lessee modify the progress report to address any comments the Lessor submits to the Lessee on the contents of the document. The Lessee must address comments in a manner deemed satisfactory by the Lessor. Should the Lessee not address the comments provided by the Lessor in a timely and adequate manner, BOEM reserves the right to require specific mitigation such as, but not limited to, third party verification/mediation at the Lessee’s expense, adjustment of required reporting frequency, or designation that the Lease is not in good standing. This obligation does not expire at the end of the site assessment term and continues until approval of a COP.

3.1.1 Engagement: The Lessee will make reasonable efforts to consult with Tribes and parties i.e., those that may be potentially affected by the project activities on the Outer Continental Shelf (OCS), which may include, but are not limited to:

- Coastal Communities
- Commercial and Recreational Fishing Industries
- Educational and Research Institutions
- Environmental and Public Interest Non-Governmental Organizations
- Federal, State, and Local Agencies
- Federally Recognized Tribes
- Mariners and the Maritime Industry
- Ocean Users
- Submarine Cable Operators
- Underserved Communities, as defined in Section 2 of Executive Order 13985

The progress report must:

- Identify Tribes and parties with whom the Lessee made reasonable efforts to engage under 3.1.1 above;
- Document, and update for subsequent reports, engagement with Tribes and parties since the previous reporting period;
- Document potential adverse effects from the Lessee’s project to the interests of Tribes and parties;
- Document how, if at all, the design or implementation of the project has been informed by or altered to address these potential effects (including by investing in, or directing benefits to Tribes and parties);
- Include a description of any anticipated or scheduled engagement activities for the next reporting period;
- Include feedback from engagement with Tribes and parties regarding transmission planning, prior to proposing any export cable route; and

- Provide information that can be made available to the public and posted on the BOEM website.

The intent of this requirement is to improve Lessee communication and transparency with affected Tribes, parties, and members of the public, and to encourage lessees to identify and engage with underserved communities, including those described in Executive Order 12898 on environmental justice that may be disproportionately impacted by their projects' OCS activities, in order to avoid, minimize, and mitigate potential adverse effects by, for example, investing in these communities.

BOEM will protect privileged or confidential information that the Lessee submits, as authorized by the Freedom of Information Act (FOIA) and 30 CFR 585.113. Exemption 4 of FOIA applies to "trade secrets and commercial or financial information that you submit that is privileged or confidential," 5 U.S.C. 552(b)(4). If the Lessee wishes to protect the confidentiality of such information, the Lessee should clearly mark it "Contains Privileged or Confidential Information" and consider submitting such information as a separate attachment. BOEM will not disclose such information, except as required by FOIA. Labeling information as privileged or confidential will alert BOEM to more closely scrutinize whether it warrants withholding. Further, BOEM will not treat as confidential aggregate summaries of otherwise nonconfidential information.

The Lessee will make reasonable efforts to implement the project in a manner that minimizes, mitigates, and/or redresses the project's adverse effects, if any, on Tribes and parties. The Lessee will consult in ways that minimize linguistic obstacles to parties. To facilitate consultation under this section, the Lessee should work collaboratively with federal, state, and local governments, community organizations, and Tribes.

- 3.1.2 Communications Plans: The progress report must include a section with plan(s) on how the Lessee will communicate with fisheries, Tribal governments, and agencies (see 5.3.2, 3.1.2.1, 3.1.2.2). In addition to the plans, each progress report should provide updates on the progress of communication efforts with those and other affected stakeholder or ocean user groups during the reporting period (see 3.1.1).
- 3.1.2.1 Native American Tribes Communications Plan: The Lessee must develop a publicly available NATCP that describes the strategies that the Lessee intends to use for communicating with Tribal governments (Tribes) and should outline specific methods for engaging with and disseminating information to Tribes with cultural and/or historical ties to the Lease Area. The NATCP must include the contact information for an individual retained by the Lessee as its primary point of contact with Tribes (i.e., a Tribal Liaison). The NATCP should include detailed information and protocols for regular engagement with Tribes including, but not limited to, the types of engagement activities (e.g., one-on-one meetings, group

meetings, open houses, open information sharing meetings, etc.); the frequency of proposed engagements/meetings (e.g., monthly, quarterly, bi-annually, annually, etc.); meeting locations and/or virtual platforms; contact information (e.g., telephone numbers, email addresses, website addresses, etc.); and notification procedures for the Tribal pre-survey meeting (see 5.4.4). The NATCP should also include protocols for the post-review discovery of any potential pre-contact archaeological resource(s). The Lessee must make the NATCP available to the Lessor and Tribes upon request. The Lessee must provide a draft NATCP to the Lessor and interested Tribes for review and comment, and a meeting must be held with the Lessor and all interested Tribes to discuss the draft NATCP within 120 days of lease execution. The Lessee may request the Lessor extend the 120-day deadline. If a Tribe wishes to participate, the Lessee should request that the Tribe designate a Tribal Representative to serve as the Tribe's primary point of contact for communicating with the Lessee. If a Tribe does not respond to outreach from the Lessee, the Lessee will continue to invite the Tribe to participate in NATCP engagement opportunities until the Tribe provides a written response to the Lessee or Lessor, which may be a notice that the Tribe does not wish to participate in the development of the NATCP. If a Tribe does not wish to participate in the development of the NATCP, the Lessee is no longer required to include them in NATCP communications. The Lessee will work with the Lessor and the California Native American Heritage Commission to identify Tribes with cultural and/or historical ties to the Lease Area and invite those Tribes to participate in development of the NATCP.

- 3.1.1.2.2 Agency Communications Plan (ACP): The Lessee must develop a publicly available ACP that describes the strategies that the Lessee intends to use for communicating with federal, state, and local agencies with authority related to the Lease Area and should outline specific methods for engaging with and disseminating information related to permits and trust resources to these agencies. The purpose of the ACP is to ensure early and active information sharing, focused discussion of potential issues, and collaborative identification of solutions in order to improve the quality and efficiency of various agency decision-making processes, and to promote the sustainable development of offshore wind energy projects. The ACP must include the contact information for an individual retained by the Lessee as its primary point of contact with agencies, (i.e., an Agency Liaison). The ACP should include detailed information and protocols for regular engagement with permitting and resource agencies including, but not limited to, the types of engagement activities (e.g., one-on-one meetings, interagency meetings, open information sharing meetings, etc.); the frequency of proposed engagements/meetings (e.g., monthly, quarterly, bi-annually, annually, etc.); meeting locations and/or virtual platforms; and contact information (e.g., telephone numbers, email addresses, etc.). The Lessee must make the ACP available to the Lessor and other agencies upon request. The Lessee must provide a draft ACP to BOEM and other permitting and resource agencies with authority related to the Lease Area for review and

comment, and host a meeting with each interested agency, to discuss the ACP within 120 days of lease execution. The Lessee may request the Lessor extend the 120-day deadline and meetings may include multiple agencies. The Lessee must invite agencies with permitting roles and/or resource expertise to participate in the ACP. The Lessee should request that the agency designate a primary point of contact(s) for communicating with the Lessee. If an agency states in writing to the Lessee or Lessor that it does not wish to participate in the ACP, the Lessee need no longer include that agency in ACP communications and must document this change in the ACP. If an agency does not respond to outreach from the Lessee, the Lessee will continue to invite the agency to participate in ACP engagement opportunities until the agency provides a response. Note that a decision to not participate in the ACP in no way changes the agency regulatory authority or the need to communicate with that agency. The Lessee must update the ACP or provide other written summary of how the Lessee used information gained during agency engagement to inform project planning and development.

- 3.1.3 **Coordinated Engagement**: To the maximum extent practicable, the Lessee must coordinate engagement activities for Tribes and parties (see Section 3.1.1) with other regional lessees and document their activities in the Progress Report. Lessee(s) must design coordinated engagement activities to decrease the communication and consultation burden on Tribes and parties. BOEM appreciates that not all engagement can be coordinated.
- 3.1.4 **Survey Plans**: The progress report must include an update regarding progress in executing the activities included in the survey plan(s), and include as an enclosure an updated survey plan(s) accounting for any modifications in schedule.

4 NATIONAL SECURITY AND MILITARY OPERATIONS

- 4.1 Hold and Save Harmless**: Whether compensation for such damage or injury might be due under a theory of strict or absolute liability or otherwise, the Lessee assumes all risks of damage or injury to persons or property, which occur in, on, or above the OCS, to any persons or to any property of any person or persons in connection with any activities being performed by the Lessee in, on, or above the OCS, if such injury or damage to such person or property occurs by reason of the activities of any agency of the United States Government, its contractors, or subcontractors, or any of its officers, agents or employees, being conducted as a part of, or in connection with, the programs or activities of the individual military command headquarters (hereinafter "the appropriate command headquarters") listed in the contact information provided as an enclosure to this lease.

Notwithstanding any limitation of the Lessee's liability in Section 9 of the lease, the Lessee assumes this risk whether such injury or damage is caused in whole or in part by any act or omission, regardless of negligence or fault, of the United States, its contractors or subcontractors, or any of its officers, agents, or employees. The Lessee further agrees to indemnify and save harmless the United States against all claims for

loss, damage, or injury in connection with the programs or activities of the command headquarters, whether the same be caused in whole or in part by the negligence or fault of the United States, its contractors, or subcontractors, or any of its officers, agents, or employees and whether such claims might be sustained under a theory of strict or absolute liability or otherwise.

4.2 Evacuation or Suspension of Activities:

- 4.2.1 General: The Lessee hereby recognizes and agrees that the United States reserves and has the right to temporarily suspend operations and/or require evacuation on this lease in the interest of national security pursuant to Section 3(c) of this lease.
- 4.2.2 Notification: Every effort will be made by the appropriate military agency to provide as much advance notice as possible of the need to suspend operations and/or evacuate. Advance notice will normally be given before requiring a suspension or evacuation. Temporary suspension of operations may include, but is not limited to, the evacuation of personnel and appropriate sheltering of personnel not evacuated. "Appropriate sheltering" means the protection of all Lessee personnel for the entire duration of any Department of Defense activity from flying or falling objects or substances and will be implemented by an order (oral and/or written) from the BOEM Pacific Regional Director, after consultation with the appropriate command headquarters or other appropriate military agency, or higher Federal authority. The appropriate command headquarters, military agency, or higher authority will provide information to allow the Lessee to assess the degree of risk to, and provide sufficient protection for, the Lessee's personnel and property.
- 4.2.3 Duration: Suspensions or evacuations for national security reasons will not generally exceed seventy-two (72) hours; however, any such suspension may be extended by order of the BOEM Pacific Regional Director. During such periods, equipment may remain in place, but all operations, if any, must cease for the duration of the temporary suspension if so directed by the BOEM Pacific Regional Director. Upon cessation of any temporary suspension, the Pacific Regional Director will immediately notify the Lessee that such suspension has terminated and operations on the leased area can resume.
- 4.2.4 Lessee Point-of-Contact for Evacuation/Suspension Notifications: The Lessee must inform the Lessor of the persons/offices to be notified to implement the terms of 4.2.2 and 4.2.3.
- 4.2.5 Coordination with Command Headquarters: The Lessee must establish and maintain early contact and coordination with the appropriate command headquarters, in order to avoid or minimize the potential to conflict with, and minimize the potential effects of conflicts with, military operations.
- 4.2.6 Reimbursement: The Lessee is not entitled to reimbursement for any costs or expenses associated with the suspension of operations or activities or the evacuation of property or personnel in fulfillment of the military mission in

accordance with 4.2.1 through 4.2.5 above.

4.3 Electromagnetic Emissions: The Lessee, prior to entry into any designated defense operating area, warning area, or water test area, for the purpose of commencing survey activities undertaken to support SAP or COP submittal must enter into an agreement with the commander of the appropriate command headquarters to coordinate the electromagnetic emissions associated with such survey activities. The Lessee must ensure that all electromagnetic emissions associated with such survey activities are controlled as directed by the commander of the appropriate command headquarters.

5 STANDARD OPERATING CONDITIONS

5.1 General Requirements:

- 5.1.1 Prior to the start of operations, the Lessee must hold a briefing to establish responsibilities of each involved party, define the chains of command, discuss communication procedures, provide an overview of monitoring procedures, and review operational procedures. This briefing must include all relevant personnel, crew members, and Protected Species Observers (PSOs). New personnel must be briefed as they join the work in progress.
- 5.1.2 The Lessee must ensure that all vessel operators and crew members, including PSOs, are familiar with, and understand, the requirements specified in this Addendum "C".
- 5.1.3 The Lessee must ensure that a copy of Addendum "C" and the most current versions of applicable sections of measures found in Endangered Species Act (ESA) consultation documents and in the *Final Environmental Assessment on Commercial Wind Lease and Grant Issuance and Site Assessment Activities on the Pacific Outer Continental Shelf, Morro Bay Wind Energy Area, California* ("Morro Bay Environmental Assessment"), such as *Measures to Minimize Potential Adverse Impacts to Birds* and *Typical Mitigation Measures for Protected Marine Species* listed in Appendix D of the Environmental Assessment, are made available on every project-related vessel.
- 5.1.4 **Marine and Trash Prevention:** The Lessee must ensure that vessel operators, personnel, and contractors actively engaged in activity in support of lease activities are briefed on marine trash and debris awareness and elimination, as described in the Bureau of Safety and Environmental Enforcement Notice to Lessees and Operators (NTL) No. 2015-G03 or any NTL that supersedes this NTL. The Lessor will not require the Lessee to post placards. The Lessee must ensure that these vessel operator employees and contractors receive training on the environmental and socioeconomic impacts associated with marine trash and debris and their responsibilities for ensuring that trash and debris are not intentionally or accidentally discharged into the marine environment. The above-referenced NTL provides information the Lessee may use for this awareness briefing.

- 5.1.5 Research Site Access: The Lessor, or its designated representative, retains the right to access, for research purposes, the site of any operation or activity conducted under this lease. The Lessor will make a good faith effort to provide prior notice of its need for access. This provision does not limit the Lessor's authority to access the lease for other purposes, including, but not limited to, inspections conducted pursuant to 30 CFR 585.822.
- 5.1.6 Endangered Species Act Consultation for Biological Surveys: BOEM has consulted with the National Marine Fisheries Service (NMFS) and the U.S. Fish and Wildlife Service (USFWS) on biological surveys expected to occur on the Lease Area. If the Lessee intends to design and conduct biological surveys to support offshore renewable energy plans that could interact with ESA-listed species, the surveys must be within the scope of activities described in the existing ESA consultation, or the Lessee must consult further with BOEM and the Services. Please see [citation for forthcoming ESA consultation] for data collection activities that have been previously consulted upon.

5.2 Geological and Geophysical Survey Requirements:

- 5.2.1 Protected Species: The Lessee must comply with the protective measures identified by the Lessor through its ESA consultation process and located in [citation to forthcoming ESA consultation]. The Lessor will provide up-to-date information at the pre-survey meeting, during survey plan review, or at another time prior to survey activities as requested by the Lessee. At the Lessee's option, the Lessee, its operators, personnel, and contractors may satisfy these survey requirements related to protected species by complying with the NMFS-approved measures to safeguard protected species that are most current at the time an activity is undertaken under this lease, including but not limited to new or updated versions of the [citation to forthcoming ESA consultation], or through new or activity-specific consultations.

5.3 Commercial Fisheries:

- 5.3.1 The Lessee, operator(s), subcontractor(s), and all personnel involved in surveys and development will endeavor to minimize conflicts between the offshore wind industry and the commercial fishing industry.

Prior to submitting a COP to the Lessor, the Lessee will contact potentially affected commercial fishing communities or their representatives to discuss potential conflicts with the siting, timing, and methods proposed. Through this consultation, the Lessee will ensure that, whenever feasible, survey and development activities are compatible with seasonal fishing operations.

Proposed mitigation measures in the COP will, to the extent practicable, prioritize Federal and State climate change adaptation strategies for fisheries.

- 5.3.2 Fisheries Communications Plan and Fisheries Liaison: The Lessee must develop a publicly available FCP within 120 days of lease execution that describes the

strategies that the Lessee intends to use for communicating with fisheries stakeholders prior to and during activities in support of the submission of a plan. The FCP must include the contact information for an individual retained by the Lessee as its primary point of contact with fisheries stakeholders (i.e., Fisheries Liaison). The FCP must also include the strategy and timing of discussions with fishing communities regarding the reduction of conflicts with facility designs and marine vessel operations pursuant to lease stipulation 3.1.1. The Lessee will make the FCP easily accessible to the public, including through a local “Notice to Mariners” and outreach to, e.g., Fisheries Management Councils, newsletters, websites, Fisheries Liaison Officers and/or Fisheries Representatives, and applicable state agencies.

- 5.3.3 The FCP must include a process to file a complaint with the offshore wind operator and seek the replacement of or compensation for lost gear.
- 5.3.4 The Lessee is required to (i) notify applicable ocean users two weeks in advance of any G&G survey activities and, (ii) provide an annual summary of filed complaint claims and outcomes to BOEM so it can better understand the frequency and extent of gear interactions.
- 5.3.5 The Lessee must show in the COP the marine vessel operation routes that will be used to minimize impacts to commercial fishing, marine mammals, and protected species.
- 5.3.6 The Lessee also must include in the COP an analysis of the effects of its operations on the allocation and use of local dock space by fishing boats and project marine vessels. These analyses must address present uses, predicted project-dependent uses which increase the level of demand, and an assessment of individual and cumulative impacts.
- 5.3.7 All activities associated with the preparation of the COP will, to the extent practicable, minimize the infrastructure spatial footprint and be conducted to avoid the creation of obstacles and entanglement hazards to commercial fishing operations. Anchoring patterns will be designed to minimize displacement area.

5.4 Archaeological Survey Requirements:

- 5.4.1 No Impact without Approval: In no case may the Lessee knowingly impact a potential archaeological resource without the Lessor’s consent provided following appropriate compliance with the National Historic Preservation Act.
- 5.4.2 Archaeological Survey Required: The Lessee must provide the methods and results of an archaeological survey with its plans (i.e., SAP and/or COP).
- 5.4.3 Qualified Marine Archaeologist: The Lessee must ensure that the analysis of archaeological survey data collected in support of plan (i.e., SAP and/or COP) submittal and the preparation of archaeological reports in support of plan submittal are conducted by a Qualified Marine Archaeologist.

5.4.4 Tribal Pre-Survey Meeting: The Lessee must coordinate a Tribal pre-survey meeting by sending a letter through certified mail, and following up with email or phone calls as necessary, to the following Tribes¹ and any additional Tribes identified in the NATCP (see 3.1.2.1):

- Bear River Band of the Rohnerville Rancheria
- Big Lagoon Rancheria
- Blue Lake Rancheria
- Cher-Ae Heights Indian Community of the Trinidad Rancheria
- Confederated Tribes of Coos, Lower Umpqua and Siuslaw Indians
- Coquille Indian Tribe
- Coyote Valley Band of Pomo Indians
- Elk Valley Rancheria
- Hoh Indian Tribe
- Hoopa Valley Tribe
- Iipay Nation of Santa Ysabel
- Karuk Tribe
- Makah Tribe
- Manchester Band of Pomo Indians
- Pechanga Band of Luiseño Indians
- Quileute Tribe
- Quinault Indian Nation
- Resighini Rancheria
- Santa Ynez Band of Chumash Indians
- Soboba Band of Luiseño Indians
- Sycuan Band of the Kumeyaay Nation
- Tolowa Dee-ni' Nation
- Viejas Band of Kumeyaay Indians
- Wiyot Tribe
- Yurok Tribe

The purpose of this meeting will be for the Lessee and the Lessee's Qualified Marine Archaeologist to discuss the Lessee's Survey Plan and consider requests to monitor portions of the archaeological survey and the geotechnical exploration activities, including the visual logging and analysis of geotechnical samples (e.g., cores, etc.). Notification of the Tribal pre-survey meeting must be sent at least 15 calendar days prior to the date of the proposed Tribal pre-survey meeting. The meeting must be scheduled for a date at least 30 calendar days prior to commencement of survey activities performed in support of plan submittal and at a location and time that affords the participants a reasonable opportunity to participate. The anticipated date for the meeting must be identified in the timeline of activities described in the applicable survey plan (see 2.1). The Lessee must provide the Lessor with

¹ The list will be finalized in consultation with the Tribes as part of the proposed sale notice (PSN) review.

documentation of compliance with this stipulation prior to commencement of surveys.

- 5.4.5 Geotechnical Exploration: The Lessee may only conduct geotechnical exploration activities performed in support of plan (i.e., SAP and/or COP) submittal in locations where an analysis of the results of geophysical surveys has been completed. This analysis must include a determination by a Qualified Marine Archaeologist as to whether any potential archaeological resources are present in the area. Except as allowed by the Lessor under 5.4.1, the geotechnical exploration activities must avoid potential archaeological resources by a minimum of 50 meters (164 feet), and the avoidance distance must be calculated from the maximum discernible extent of the archaeological resource. A Qualified Marine Archaeologist must certify, in the Lessee's archaeological reports, that geotechnical exploration activities did not impact potential historic properties identified as a result of the HRG surveys performed in support of plan submittal. In the event that the geotechnical exploration activities did impact potential historic properties identified in the archaeological surveys without the Lessor's prior approval, the Lessee must follow the procedures outlined in Section 5.4.7 for post-review discoveries.
- 5.4.6 Monitoring and Avoidance: The Lessee must inform the Qualified Marine Archaeologist that he or she may elect to be present during HRG surveys and bottom-disturbing activities performed in support of plan (i.e., SAP and/or COP) submittal to ensure avoidance of potential archaeological resources, as determined by the Qualified Marine Archaeologist (including bathymetric, seismic, and magnetic anomalies; side scan sonar contacts; and other seafloor or sub-surface features that exhibit potential to represent or contain potential archaeological sites or other historic properties). In the event that the Qualified Marine Archaeologist states that he or she wishes to be present, the Lessee must reasonably facilitate the Qualified Marine Archaeologist's presence and provide the Qualified Marine Archaeologist the opportunity to inspect data quality.
- 5.4.7 Post-Review Discovery Clauses: If the Lessee, while conducting geotechnical exploration or any other bottom-disturbing activities in support of plan (i.e., SAP and COP) submittal and after review of the location by a Qualified Marine Archaeologist under 5.4.5, discovers an unanticipated potential archaeological resource, such as the presence of a shipwreck (e.g., a sonar image or visual confirmation of an iron, steel, or wooden hull, wooden timbers, anchors, concentrations of historic objects, piles of ballast rock) or evidence of a pre-contact archaeological site (e.g., stone tools, pottery, or other pre-contact artifacts) within the project area, the Lessee must:
- 5.4.7.1 Immediately halt seafloor/bottom-disturbing activities within the area of discovery by a minimum of 50 meters (164 feet), and the avoidance distance must be calculated from the maximum discernible extent of the archaeological resource;

- 5.4.7.2 Notify the Lessor within 24 hours of discovery. If the unanticipated discovery is believed to represent a pre-contact archaeological resource, the Lessee will also refer to the NATCP (3.1.2.1) for additional guidance;
- 5.4.7.3 Notify the Lessor in writing via report to the Lessor within 72 hours of its discovery;
- 5.4.7.4 Keep the location of the discovery confidential and take no action that may adversely impact the archaeological resource until the Lessor has made an evaluation and instructs the applicant on how to proceed; and
- 5.4.7.5 Conduct additional investigations, as directed by the Lessor, to determine if the resource is eligible for listing in the National Register of Historic Places (30 CFR 585.802(b)). The Lessor will direct the Lessee to conduct such investigations if (1) the site has been impacted by the Lessee's project activities; or (2) impacts to the site or to the area of potential effect cannot be avoided. If investigations indicate that the resource is potentially eligible for listing in the National Register of Historic Places, the Lessor will inform the Lessee how to protect the resource or how to mitigate adverse effects to the site. If the Lessor incurs costs in protecting the resource, then, under Section 110(g) of the National Historic Preservation Act, the Lessor may charge the Lessee reasonable costs for carrying out preservation responsibilities under the OCS Lands Act (30 CFR 585.802(c-d)).

6 PROJECT LABOR AGREEMENTS

- 6.1 Project Labor Agreements:** The Lessee must make every reasonable effort to enter a Project Labor Agreement(s) (PLA) that covers the construction stage of any project proposed for the leased area, and that applies to all contractors.

7 SITING CONDITIONS

- 7.1 No Surface Occupancy:** If this lease is subject to no surface occupancy for areas identified in Addendum "A", the Lessee will not construct any surface structures in that area. Rent will be collected on all areas of the lease as outlined in Addendum "A", regardless of such potential restrictions. No surface occupancy is defined as a prohibition on the permanent placement of an object on the ocean surface within a specific space.

8 BIDDING CREDITS FOR WORKFORCE TRAINING AND/OR DOMESTIC SUPPLY CHAIN DEVELOPMENT AND COMMUNITY BENEFIT AGREEMENTS

8.1 Supply Chain Statement of Goals: The Lessee must submit to the Lessor a Statement of Goals in which the Lessee describes any plans by the Lessee for contributing to the creation of a robust and resilient U.S.-based offshore wind supply chain. The Statement of Goals must include the Lessee's plans for investments in supply chain improvements, if any, to support the offshore wind industry, including investments in the following:

- Installation, downpipe, survey, and other vessels
- Port infrastructure
- Grid upgrades
- Research & development
- Manufacturing of components and facilities
- Supply chain architecture such as fabrication and assembly halls, port storage, laydown areas
- Dry docks and navigation channels
- Onshore and offshore docking and refueling stations for autonomous vehicles
- Workforce diversity, training, and development
- Ensuring equal access to contracting opportunities

Following COP approval, the Lessee must annually provide updates to the Lessor on the Lessee's progress in meeting these goals. This information may be included as part of the certification of compliance statement provided pursuant to 30 CFR 585.633(b).

The Lessee must submit a final report evaluating the Lessee's success in meeting these goals no later than the first Fabrication and Installation Report (FIR) submission. The Lessee must submit two versions of the Statement of Goals, updates, and final report, one of which does not contain confidential information, so that BOEM can make it publicly available.

8.2 Workforce Training and Supply Chain Development Bidding Credit

8.2.1 Bidding Credits – General Requirements and Restrictions: The Lessee has committed \$X,XXX,XXX for the benefit of workforce training and/or domestic supply chain development as part of its high bid (hereinafter, the “Contribution”).² The Contribution must support workforce training programs for the U.S. offshore wind industry, development of a U.S. domestic supply chain for the offshore wind industry, or both. The Contribution for workforce training and/or domestic supply chain development can be made in support of existing programs, or for the establishment of new programs or incentives associated with the planning, design, construction, operation, maintenance, or decommissioning of U.S. offshore wind energy projects, or manufacturing or assembling of their components, in the United States. The Contribution must be made by the Lessee, its parent company, or an Affiliated Entity³. The Lessee will meet this commitment in accordance with the conceptual strategy submitted with the Bidder’s Financial Form (BFF). All requirements and restrictions included in the BFF Addendum are incorporated herein by reference.

Contributions must be made to (i) private, public, or municipal corporations, companies, associations, partnerships, or other legal entities organized under the laws of any State of the United States, the District of Columbia, or any territory or insular possession subject to U.S. jurisdiction; (ii) an executive Agency of the United States as defined in section 105 of Title 5 of the U.S. Code; or (iii) a State of the United States or a political subdivision thereof. Contributions cannot be made to the parent or affiliated entities of the Lessee or for purposes of directly or indirectly satisfying a purchase or work order of the Lessee.

2 As used herein, “Contribution” means: (i) the direct transfer or payment of monetary funds; and (ii) establishment of non-refundable monetary commitments or guarantees (including, but not limited to, revolving funds, trusts and loan guarantees).

3 Per the definition proposed in the PSN, BOEM considers two entities to be affiliated if (a) one entity (or its parent or subsidiary) has or retains a right, title, or interest in the other entity (or its parent or subsidiary), including the ability to control or direct actions with respect to such entity, either directly or indirectly, individually or through any other party; or (b) the entities are both direct or indirect subsidiaries of the same parent company. Additionally, BOEM considers two entities to be affiliated if ownership or common ownership of more than 50 percent of the voting securities, or instruments of ownership or other forms of ownership, of another person constitutes control (person means any individual, firm, corporation, association, partnership, consortium, or joint venture (when established as a separate entity)). BOEM will consider each of the following factors to determine if there is control under the circumstances of a particular case:

- a. The extent to which there are common officers or directors.
- b. With respect to the voting securities, or instruments of ownership or other forms of ownership: The percentage of ownership or common ownership, the relative percentage of ownership or common ownership compared to the percentage(s) of ownership by other persons, if a person is the greatest single owner, or if there is an opposing voting bloc of greater ownership.
- c. Operation of a lease, plant, pipeline, or other facility.
- d. The extent of others owners' participation in operations and day-to-day management of a lease, plant, or other facility.
- e. Other evidence of power to exercise control over or common control with another person

The Lessee, its parent company, or its affiliated entities are not permitted to retain an ownership/equity interest in the entity receiving the Contribution, a discount to the market price for goods or services provided by the recipient, or other preferential treatment, but can purchase offshore wind goods or services from the recipient at market rates. At least 25% of the Commitment must be met by the time of the submission of the Lessee's first COP and the remainder of the Commitment must be met by the time of the submission of the Lessee's first Facility Design Report (FDR).

8.2.1.1 Workforce Training Credit – Requirement and Restrictions: The Contribution for workforce training must result in a better trained and/or larger domestic offshore wind work force in the United States that would provide for more efficient operations via an increase in the supply of fully trained personnel. Workforce training contributions must support the development of skills for the general workforce (i.e., not only the developer's workers) used in the planning, design, construction, operation, maintenance, or decommissioning of offshore wind energy projects.

Training of existing Lessee employees, Lessee contractors, or employees of affiliated entities will not qualify under this Contribution. All offshore wind lessees must have the opportunity to hire individuals trained in programs that benefited from the Contribution. Trainees cannot be contractually required to enter into employment agreements with either the Lessee making the Contribution or the entity providing the training.

The workforce training must be provided in the United States and to citizens of the United States, nationals of the United States, or aliens lawfully admitted for permanent residence in the United States as defined in 8 U.S.C. 1101(a)(20). The training must be provided by any of the following: (i) Private, public, or municipal corporations, companies, associations, partnerships, and other legal entities organized under the laws of any State of the United States, the District of Columbia, or any territory or insular possession subject to U.S. jurisdiction; (ii) Executive Agency of the United States as defined in section 105 of Title 5 of the U.S. Code; or (iii) State of the United States or a political subdivision thereof.

Contributions to workforce training must be one of the following:

- Contributions in support of union apprenticeships, labor management training partnerships, stipends for workforce training, or other technical training programs or institutions focused on providing skills necessary for the planning, design, construction, operation, maintenance, or decommissioning of offshore wind energy projects in the United States.
- Contributions toward maritime training necessary for the crewing of vessels to be used for the construction, servicing, and/or decommissioning of wind energy projects in the United States.

- Contributions toward training workers in skills or techniques necessary to manufacture or assemble offshore wind components, subcomponents or subassemblies. Examples of these skills and techniques include welding; wind energy technology; hydraulic maintenance; braking systems; mechanical systems, including blade inspection and maintenance; or computers and programmable logic control systems.⁴
- Contributions toward training in any other job skills that the Lessee can demonstrate are necessary for the planning, design, construction, operation, maintenance, or decommissioning of offshore wind energy projects in the United States.

8.2.1.2 Domestic Supply Chain Credit – Requirement and Restrictions: The Contribution must result in (i) overall benefits to the U.S. offshore wind supply chain for all potential purchasers of offshore wind services, components, or subassemblies, not solely the Lessee’s project; (ii) either the demonstrable development of new domestic capacity (including vessels) or the demonstrable buildout of existing capacity; and (iii) a more robust domestic supply chain by reducing the upfront capital or certification cost for manufacturing offshore wind components including the building of facilities, the purchasing of capital equipment, and the certifying of existing manufacturing facilities. Supply chain development contributions can be made to programs supporting the development of the supply chain or can be direct contributions or incentives for manufacturing or other services supporting the offshore wind industry.

⁴ <https://www.bls.gov/ooh/installation-maintenance-and-repair/wind-turbine-technicians.htm#tab-4>

Contributions to domestic supply chain development must be one of the following:

- Contributions supporting the development of a domestic supply chain for the offshore wind industry, including manufacturing of components and sub-assemblies and the expansion of related services.
- Contributions to domestic tier-2⁵ and tier-3⁶ offshore wind component suppliers, including suppliers of components specifically needed to develop floating wind technology, and domestic tier-1⁷ supply chain efforts, including quay-side fabrication.
- Contributions for technical assistance grants to help U.S. manufacturers re-tool or certify (e.g., ISO-9001) for offshore wind manufacturing.
- Contributions for the development of Jones Act-compliant vessels for the construction, servicing, and/or decommissioning of wind energy projects in the United States.
- Contributions to establish a new or existing bonding support reserve or revolving fund available to all businesses providing goods and services to offshore wind energy companies, including disadvantaged businesses.⁸
- Other Contributions to supply chain development efforts that the Lessee can demonstrate further the manufacture of offshore wind components or subassemblies, or the provision of offshore wind services, in the United States.

5 Tier 2: Subassemblies are the systems that have a specific function for a tier 1 component. They may include subassemblies of a number of smaller parts, such as a pitch system for blades. Tier 2 manufacturers contract with tier 1 suppliers as a subcontractor or vendor.

6 Tier 3: Subcomponents are commonly available items that are combined into tier 2 subassemblies, such as motors, bolts, and gears. Tier 3 manufacturers are typically vendors that provide components to tier 2 suppliers.

7 Tier-1 components examples include the primary offshore wind components such as the blades, nacelles, towers, foundations, and cables. Tier-1 components are the major products that are purchased by an offshore wind project developer, such as the wind turbine, foundation, or cables. Tier 1 suppliers are primary suppliers that contract directly with the project developer. Contributions for tier-1 supply chain development can include infrastructure necessary for quay-side manufacturing, fabrication, or assembly.

8 A disadvantaged business entity would be one at least 51% owned and controlled by a socially and economically disadvantaged individual or individuals as defined by the Small Business Administration (<https://www.sba.gov/federal-contracting/contracting-assistance-programs/small-disadvantaged-business>).

8.2.1.3 Documentation: The Contribution must be verifiable by BOEM. The documentation provided by the Lessee must contain the information specified in the conceptual strategy submitted with the BFF and must allow BOEM to objectively verify (i) the amount of the Contribution and the beneficiary(ies) of the Contribution; and (ii) compliance with the bidding credit criteria provided in subsections 8.2.1, 8.2.1.1 and 8.2.1.2 of the Lease. The Lessee must provide written documentation to BOEM demonstrating payment of the full commitment to initiatives or programs supporting workforce development and/or the domestic supply chain, as provided in subsections 8.2.1.1 and 8.2.1.2. The documentation must be submitted to BOEM with (or before) the submission of the lease's first COP (showing fulfillment of at least 25% of the Commitment) and first FDR (showing fulfillment of the remainder of the Commitment).

The documentation must also describe how the funded initiative or program has advanced, or is expected to advance, U.S. offshore wind workforce training or supply chain development. The documentation must provide qualitative and/or quantitative information that includes the estimated number of trainees or jobs supported, or the estimated leveraged supply chain investment resulting or expected to result from the Contribution. If the Lessee's implementation strategy has changed from that in the conceptual strategy due to market needs or other factors, the Lessee must explain the changed approach. BOEM reserves all rights to determine whether the conditions of the bidding credit have been satisfied.

At a minimum, the documentation must include:

- All written agreements between the Lessee and beneficiary(ies) of the Contribution;
- All receipts documenting the amount, date, financial institution, and the account and owner of account to which the Contribution was made; and
- Sworn statements by the entity that made the Contribution and the beneficiary(ies) of the Contribution, attesting:
 - The amount and date(s) of the Contribution;
 - That the Contribution is being (or will be) used in accordance with the bidding credit requirements in the Lease; and
 - That all information provided is true and accurate.

8.2.1.4 **Enforcement:** BOEM reserves the right to determine that the bidding credit has not been satisfied if changes to the Lessee's conceptual strategy do not meet the criteria for the bidding credit described herein. The requirements and restrictions applicable to the bidding credit commitment described in subsections 8.2.1, 8.2.1.1, and 8.2.1.2 bind the Lessee and any future assignee(s) of the Lease as per 30 C.F.R. 585.410. If BOEM determines that a Lessee or assignee has failed to satisfy the commitment at the FDR stage, or if a Lessee or assignee relinquishes or otherwise fails to develop the Lease by the tenth anniversary date of Lease issuance, the amount corresponding to the bidding credit awarded will be immediately due and payable to the Office of Natural Resources Revenue (ONRR) with interest from the date of lease execution. The interest rate will be the underpayment interest rate identified by ONRR. BOEM may, at its sole discretion, extend the documentation deadline beyond FDR or the 10-year timeframe stated in this paragraph.

8.3 Lease Area Use Community Benefit Agreements (CBA): The Lessee has committed to execute a CBA with a community or stakeholder group whose use of the geographic space of the Lease Area, or whose use of resources harvested from that geographic space, is directly impacted by the Lessee's potential offshore wind development. The Lessee will enter into a CBA with such an organization(s) and the CBA will include provisions such as: monetary, material, or other benefits provided, or to be provided, by the Lessee to the directly impacted stakeholder group; commitment of parties to collaboration and resolution of issues with or without the assistance of an independent third party; communication methods, engagement methods, or educational opportunities for the impacted community or stakeholder group; and plans (or strategies) to mitigate potential impacts from the proposed development of the Lease Area on the community or stakeholder group. The CBA may address particular mitigations to assist fishing and related industries to manage transitions, gear changes, or other similar impacts which may arise from the development of the Lease Area. The documentation provided by the Lessee must contain the information specified in the conceptual strategy submitted with the BFF and must enable BOEM to objectively verify that the CBA has met all applicable requirements as outlined in the BFF Addendum and is in compliance with the bidding credit criteria provided in subsections 8.3.1 and 8.3.2 of the lease.

The Lessee will meet its CBA commitment(s) in accordance with the conceptual strategy submitted with the BFF. The requirements and restrictions included in the BFF Addendum are incorporated herein by reference.

Lessees may execute a CBA with a single entity or multiple entities and may execute more than one CBA. To qualify for the CBA bidding credit, the Lessee must enter into a CBA with:

- (i) private, public, or municipal corporations, companies, associations, partnerships, and other legal entities organized under the laws of any State of the United States, the District of Columbia, or any territory or insular possession subject to U.S. jurisdiction; or
- (ii) a State of the United States or a political subdivision thereof.

8.3.1 Requirements: The CBA must:

- Be between the Lessee or its affiliated entity, or if appropriate, its assignee(s), and a community or stakeholder group whose use of the geographic space of the Lease Area, or whose use of resources harvested from that geographic space, is directly impacted by the Lessee's potential offshore wind development;
- Specify the monetary, material, or other benefits provided, or to be provided, by the Lessee to the directly impacted community or stakeholder group;
- Specify the mitigation or other compensatory measures provided by the Lessee to the directly impacted community or stakeholder group;
- Indicate commitment of parties to collaboration and resolution of issues, communication methods, engagement methods, or educational opportunities for an impacted community or stakeholder group; and
- Specify plans (or strategies) to mitigate potential impacts from the proposed development of the Lease Area on the community or stakeholder group.

No part of any CBA otherwise eligible for a bidding credit may include exclusivity or preferential clauses that prevent or disincentivize an entity, community, or stakeholders from entering into such agreements with other lessees or potential lessees. BOEM reserves the right to review CBAs for such clauses. Should an exclusivity or preferential clause exist in the CBA or a related agreement, BOEM will deny the bidding credit and commence the enforcement process as described in subsection 8.3.3.

8.3.2 Documentation: The Lessee will commit to executing a CBA in general accordance with the conceptual strategy submitted with the BFF and to provide BOEM a copy of the executed CBA. The documentation provided by the Lessee must contain the information specified in the conceptual strategy submitted with the BFF. The documentation must enable BOEM to objectively verify that the CBA has met all applicable requirements as outlined in the BFF and is in compliance with the bidding credit criteria provided in subsections 8.3 and 8.3.1 of the lease. The documentation must be submitted to BOEM with (or before) the submission of the lease's first FDR.

BOEM reserves all rights to determine that the bidding credit has not been satisfied if changes to the Lessee's conceptual strategy result in the conceptual strategy no longer meeting the bidding credit criteria.

The documentation must enable BOEM to objectively verify the CBA has met the purpose, goals, and requirements for the CBA bidding credit. At a minimum, this documentation must include:

- All written agreements between the Lessee and beneficiary(ies), including the executed CBA;
- Any receipts proving monetary contributions as required by the CBA, documenting the amount, date, financial institution, and the account and owner of the account to which the contribution was made;
- The monetary, material, or other benefits provided, or to be provided, by the Lessee to the directly impacted community or stakeholder group; and

- Sworn statements by the CBA signatories or their assignees, attesting to:
 - The date the CBA was entered:
 - Explaining how the CBA addresses (or will address) the potential impacts arising from the development to the use of the geographic space of the Lease Area, or resources harvested from that geographic space, arising from the potential development of the Lease Area; and
 - the truth and accuracy of all the information provided.

If elements of the Lessee's conceptual strategy undergo any significant change(s) due to market needs or other factors, the Lessee must explain the change(s) and the reasons(s) therefor in the Lessee's submitted documentation.

8.3.3 **Enforcement:** BOEM reserves the right to determine that the bidding credit commitment has not been satisfied because changes to the Lessee's strategy or its implementation, that occur after the auction, do not meet the criteria for the bidding credit described herein. The requirements and restrictions applicable to the bidding credit commitment described in subsections 8.3 and 8.3.1 bind the Lessee and any future assignee(s) of the lease as per 30 C.F.R. 585.410. If BOEM determines that a Lessee or assignee has failed to satisfy the commitment at the FDR stage, or if a Lessee or assignee relinquishes or otherwise fails to develop the lease by the tenth anniversary date of lease issuance, the amount corresponding to the bidding credit awarded will be immediately due and payable to ONRR with interest from the date of lease execution. The interest rate will be the underpayment interest rate identified by ONRR. BOEM may, at its sole discretion, extend the documentation deadline beyond the FDR or the 10-year timeframe stated in this paragraph.

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ADDENDUM "D"

PROJECT EASEMENT

Lease Number OCS-P 0563

This section includes a description of the Project Easement(s), if any, associated with this lease, and the financial terms associated with any such Project Easement(s). This section will be updated as necessary.

I. Rent

The Lessee must begin submitting rent payments for any project easement associated with this lease commencing on the date that BOEM approves the Construction and Operations Plan (COP) or modification of the COP describing the project easement. Annual rent for a project easement is \$5.00 per acre per year or a minimum of \$450.00 per year in accordance with 30CFR § 585.507(a).

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ADDENDUM "E"

RENT SCHEDULE

Lease Number OCS-P 0563

This section includes a description of the schedule for rent payments that will be determined after the Construction and Operations Plan has been approved or approved with modifications. BOEM will update this section as necessary.

U.S. DEPARTMENT OF THE INTERIOR
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Lease Number OCS-P 0563

CONTACT INFORMATION FOR REPORTING REQUIREMENTS

The following contact information must be used for the reporting and coordination requirements specified in Addendum "C", Stipulation 4:

ATTN: Executive Director
Military Aviation and Installation Assurance Siting Clearinghouse
Office of the Assistant Secretary of Defense (Sustainment)
3400 Defense Pentagon, Room 5C646
Washington, DC 20301 - 3400

ATTN: Department of Defense West Coast Coordinator
Department of the Navy - Navy Region Southwest
750 Pacific Highway, OF1514
San Diego, CA 92132

All Other Reporting Requirements in Stipulation 5.4:

Bureau of Ocean Energy Management
Office of the Environment
Phone: 703-787-1050
Email: renewable_reporting@boem.gov

ENCLOSURE