



# Auction Format & Lease Terms

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*Office of Renewable Energy Programs*

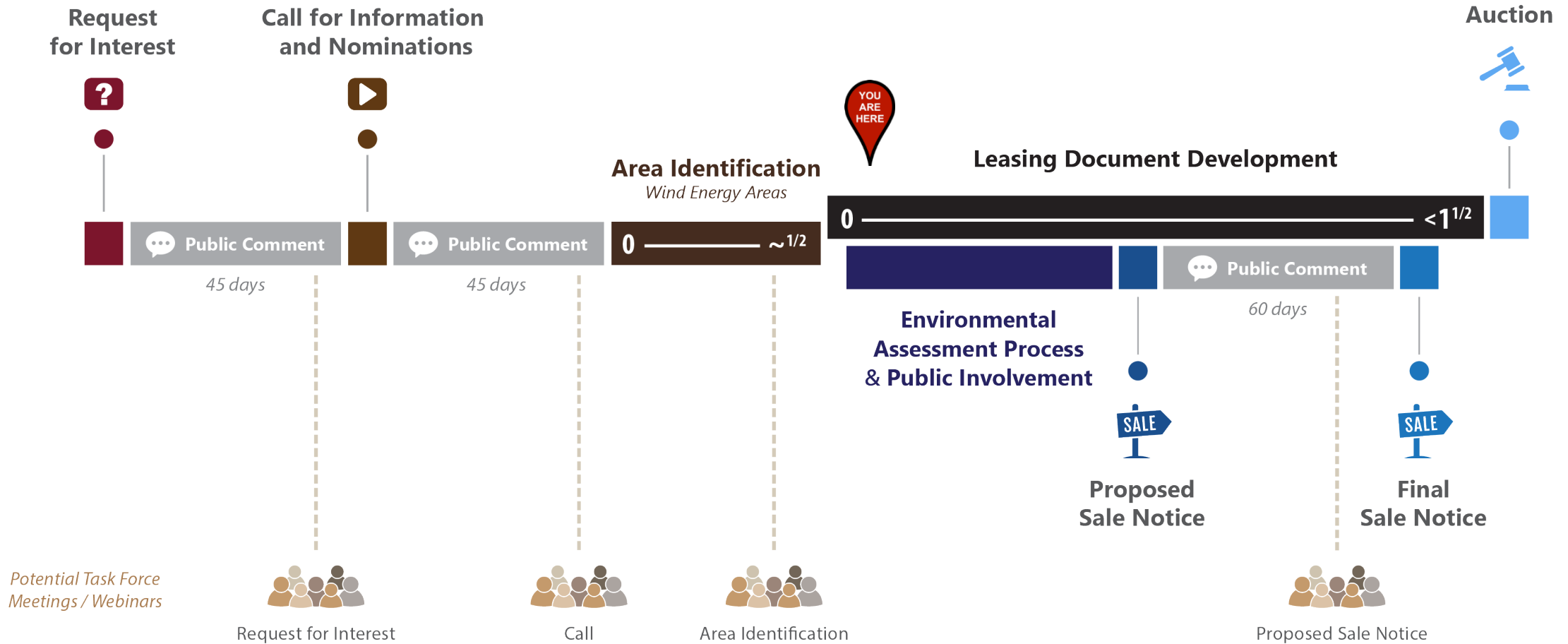
April 14, 2021



# Statutory Authority

- **Outer Continental Shelf Lands Act & the Energy Policy Act of 2005**
  - The Secretary shall establish royalties, fees, rentals, bonus, or other payments to ensure a fair return....
- **BOEM's Competitive Lease Award Process**
  - §§ 585.220 -585.229

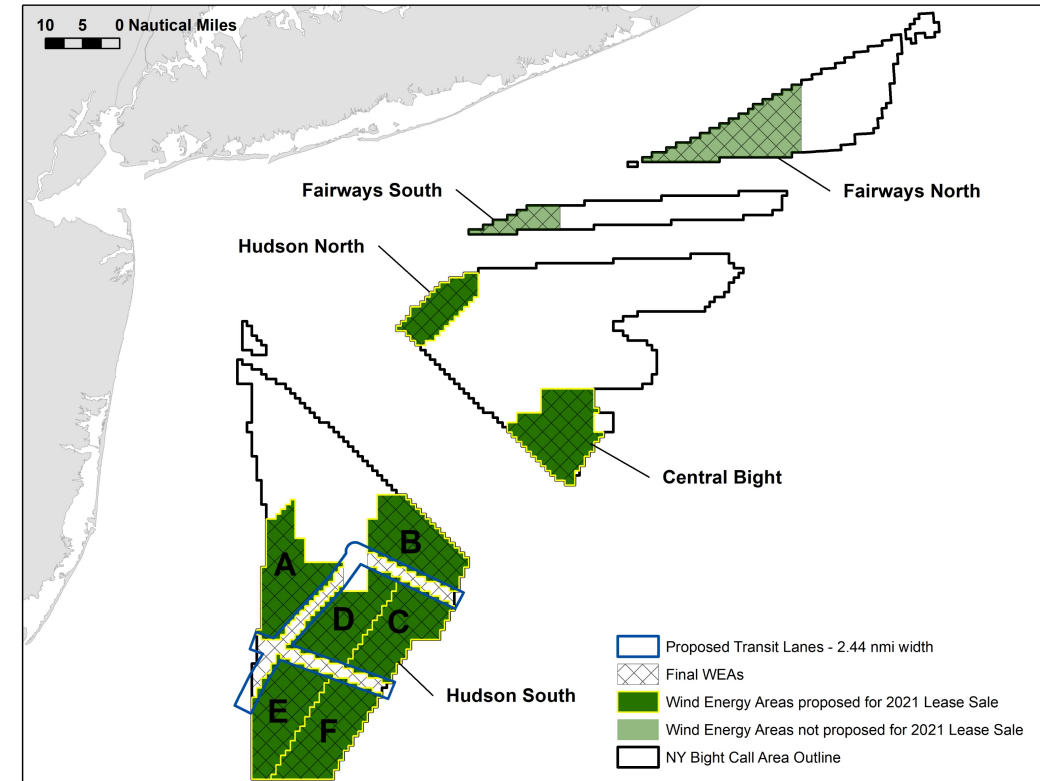
# Request for Interest to Lease Sale





# Proposed Sale Notice

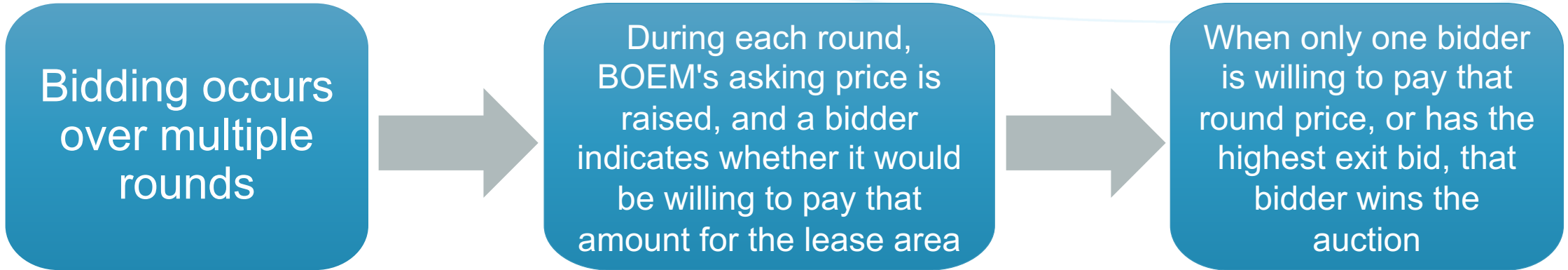
- Identifies Areas Proposed for Sale
- Identifies Proposed Auction Methodology
- Invites potential bidders to qualify
  - Legal, Financial, Technical Requirements
  - Seeks confirmation of interest from entities already qualified via the Call for Information and Nominations
- Initiates 60 day comment period for input from stakeholders
- Auction Seminar



# Auction Formats for Consideration

- **Ascending Bid Single Factor Monetary Auction**
  - Bidders can move from one area to another in each round if a live bid was entered in the previous round
  - Exit bids
  - Affiliated Entities Cannot Bid Against Each Other

# Auction Format - Bidding



Round	Asking Price	Bidder 1	Bidder 2	Bidder 3	Bidder 4
1	\$100?	✓	✓	✓	✓
2	\$150?	✓	✓	✓	✗
3	\$200?	<b>\$190</b>	✓	✓	✗
4	\$250?	✗	<b>\$240</b>	<b>\$225</b>	✗
			<b>WINNER</b>		



# Auction Formats for Consideration (continued)

- **Minimum Bid & Bid Deposits**
  - Increased demand for lease areas may result in increased minimum bids and associated bid deposit requirements
  - Interest in not spanning multiple days
- **Limits on Areas per Bidder**
  - One area per bidder
  - Two areas per bidder
  - Interest in competition and ability to construct projects in an efficient manner





# Lease Stipulations

- **Term of Lease**
  - 33 years
- **Environmental Stipulations**
  - Protected Species Observers
  - Fisheries Liaison & Fisheries Communication Plan
- **Engagement with Tribal Governments**
  - Pre-survey meetings
- **Vessel Transit Corridors**
  - Width between adjacent areas
- **Financial Assurance Requirements**



# Modified Lease Stipulations

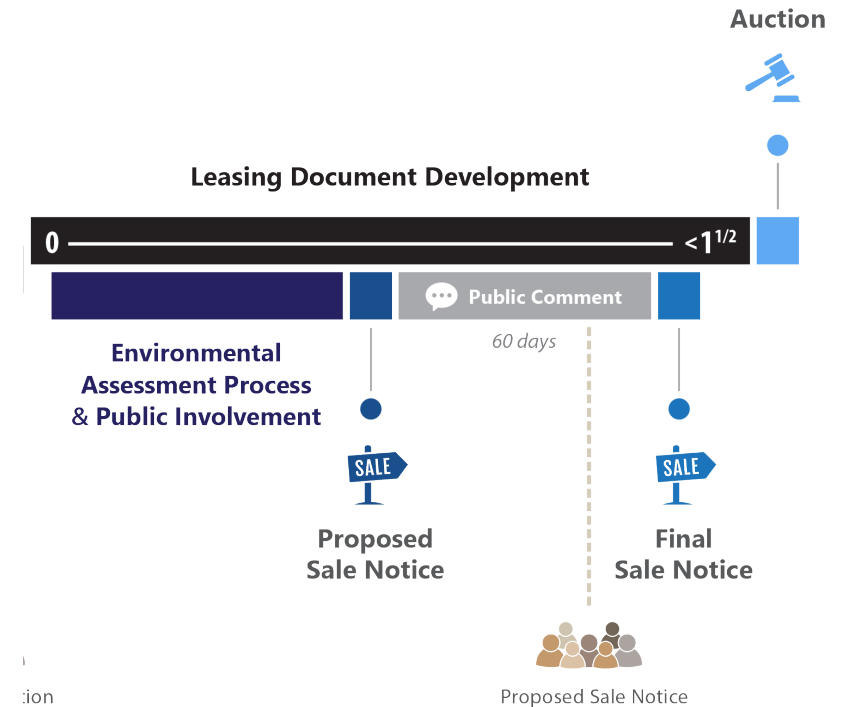
- **Operating Fee Modifications**
  - Minor changes to simplify calculation of the 2% fee
  - Removal of the 10% limit on capacity factor adjustments
  - Specifying NYISO NYC hub for wholesale price benchmark
  - Overall resulting in negligible changes in the fee
- **Best Available Technologies for Mooring Designs**
  - Clarifies methods and procedures to prevent entanglement of marine life
- **Clarification of Compliance with Tribal Pre-survey meeting lease stipulations**

# New Lease Stipulations

- **Exploring potential for labor related provisions**
- **Are there other things BOEM should be considering for lease stipulations?**
- **Are there other modifications needed?**

# Final Sale Notice

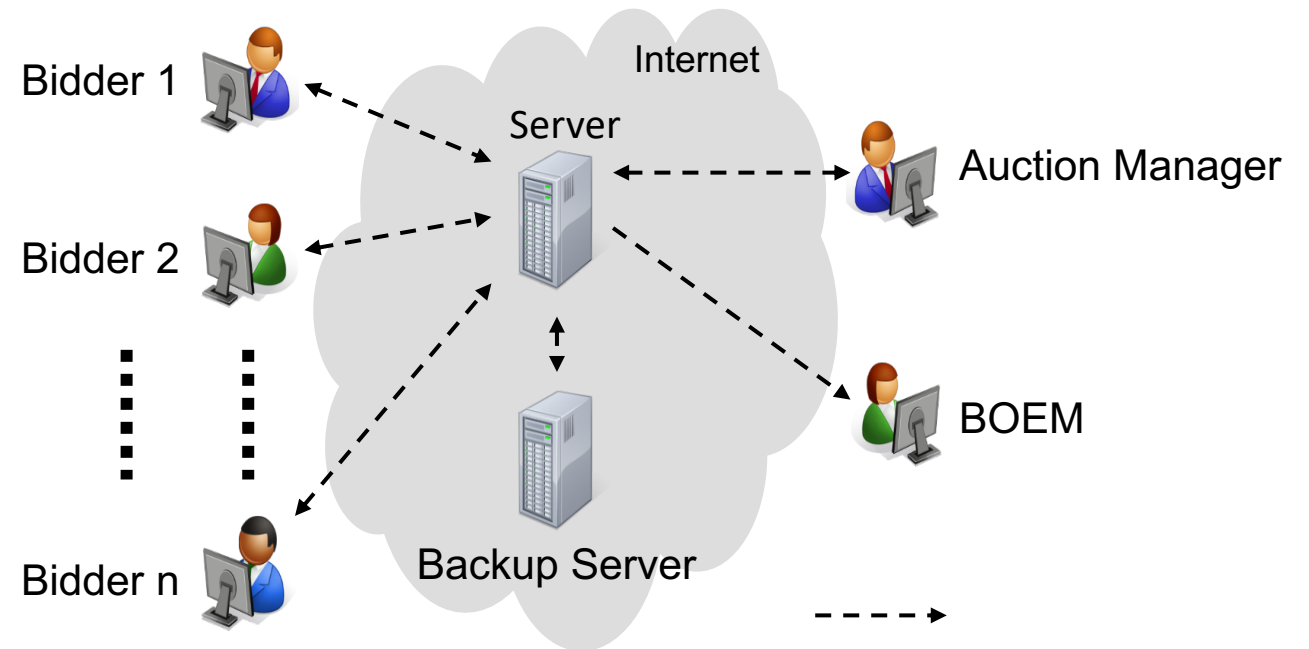
- Specifies final areas for sale and selected auction format & rules
- Incorporates any changes based on feedback from the comment period
- Lists eligible bidders
  - Does not guarantee participation
- Minimum of 30 days from FSN to Auction





# FSN to the Auction

1. Bidder Financial Forms Due to BOEM
2. Bid Deposits Paid
3. Mock Auction
4. Live Auction



# Auction to Lease Issuance

1. **Declaration of Provisional Winners**
2. **DOJ Review**
3. **Lease Sent to Winners for Execution**
  1. Pay balance of bonus bid
  2. Agree to the terms of the lease
  3. File financial assurance
  4. Return signed lease copies





# BOEM

Bureau of Ocean Energy  
Management

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## **Task Force Discussion**

- **Quick poll**
- **Opportunity for Task Force Questions and Comments**