

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF OCEAN ENERGY MANAGEMENT  <b>COMMERCIAL LEASE OF          SUBMERGED LANDS FOR          RENEWABLE ENERGY DEVELOPMENT          ON THE          OUTER CONTINENTAL SHELF</b>  <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	Renewable Energy Lease Number
	Sterling, VA	OCS-A 0537
	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

<b>Lessee</b>	<b>Interest Held</b>
	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 and alternate use 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 requirements 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 30 CFR 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 provided in 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 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." As required by the applicable regulations in 30 CFR Part 585, if, at any time during the term of this lease, the Lessor requires additional financial assurance, 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-A 0537

I. Lessor and Lessee Contact Information

Lessee Company Number: \_\_\_\_\_

(a) Lessor's Contact Information

	<b>Lease Representative</b>	<b>Operations Representative</b>
Title	Program Manager, Office of Renewable Energy Programs	Same as Lease Representative
Address	U.S. Department of the Interior Bureau of Ocean Energy Management 45600 Woodland Road Sterling, Virginia 20166	
Phone	(703) 787-1300	
Fax	(703) 787-1708	
Email	renewableenergy@boem.gov	

(b) Lessee's Contact Information

	<b>Lease Representative</b>	<b>Operations Representative</b>
Name		
Title		
Address		
Phone		
Fax		
Email		

II. Description of Leased Area

The total acreage of the leased area is approximately 71,522 acres.

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



**Lease OCS-A 0537**

The following Blocks or portions of Blocks lying within Official Protraction Diagram New York NK18-12, are depicted on the map below and comprise 44,123 acres, more or less.

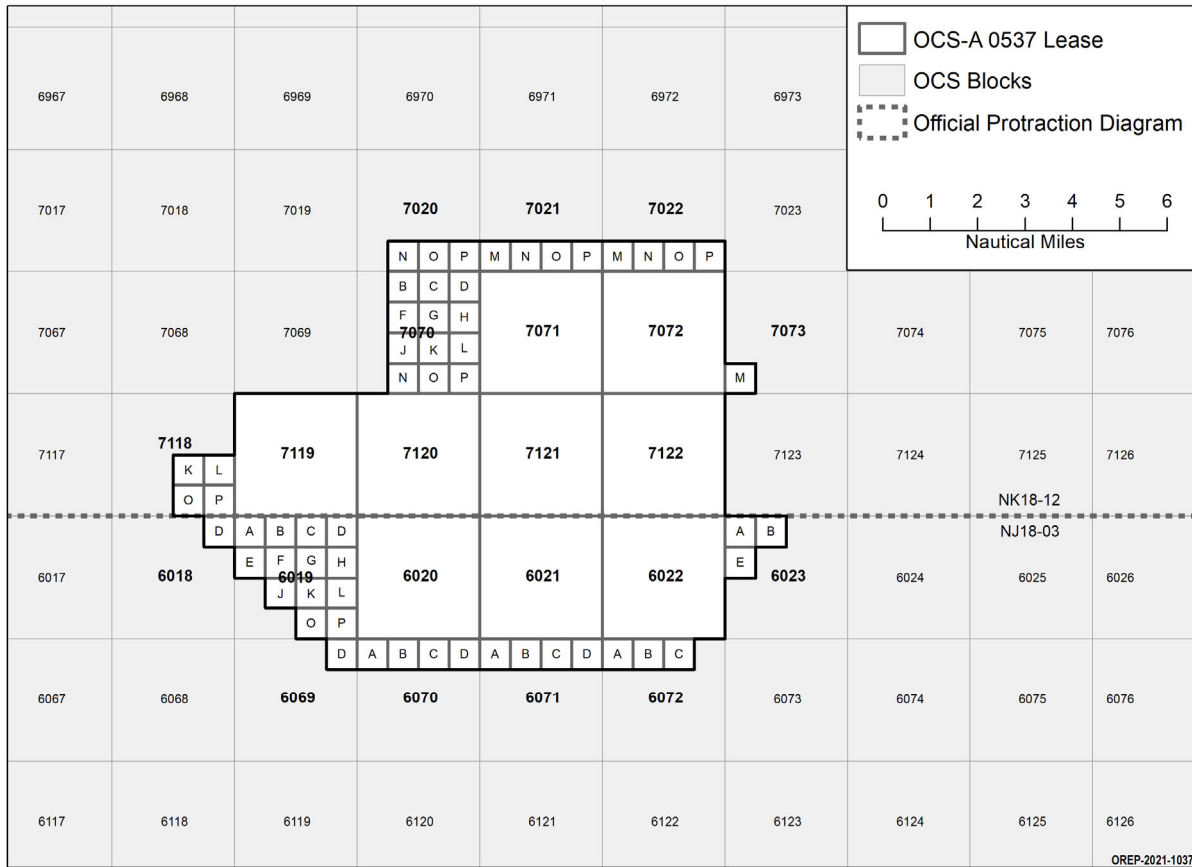
- 1) Block 7020, SE1/4 of SW1/4, S1/2 of SE1/4
- 2) Block 7021, S1/2 of S1/2
- 3) Block 7022, S1/2 of S1/2
- 4) Block 7070, E1/2, E1/2 of W1/2
- 5) Block 7071, All of Block
- 6) Block 7072, All of Block
- 7) Block 7073, SW1/4 of SW1/4
- 8) Block 7118, SE1/4
- 9) Block 7119, All of Block
- 10) Block 7120, All of Block
- 11) Block 7121, All of Block
- 12) Block 7122, All of Block

The following Blocks or portions of Blocks lying within Official Protraction Diagram Hudson Canyon NJ18-03, are depicted on the map below and comprise 27,399 acres, more or less.

- 1) Block 6018, NE1/4 of NE1/4
- 2) Block 6019, N1/2, NE1/4 of SW1/4, SE1/4
- 3) Block 6020, All of Block
- 4) Block 6021, All of Block
- 5) Block 6022, All of Block
- 6) Block 6023, N1/2 of NW1/4, SW1/4 of NW1/4
- 7) Block 6069, NE1/4 of NE1/4
- 8) Block 6070, N1/2 of N1/2
- 9) Block 6071, N1/2 of N1/2
- 10) Block 6072, NW1/4 of NE1/4, N1/2 of NW1/4

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

**New York Bight - Central Bight Lease Area (OCS-A 0537)**



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-A 0537

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.

<b>Lease Term</b>	<b>Duration</b>
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 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 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 your lease 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 imputed 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:  $\$3.00 \times 75,000 \times \left(1 - \frac{M_t}{\sum N_w}\right) = \$\text{Rent}$

Using the summed capacity of 14.21 megawatt (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 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 Office of Renewable Energy Programs 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 and 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 thirty-three year operations term of the lease. If the Lessor determines that the Lessee has met the threshold for the supply chain incentive under section 7.2 of Addendum C, then the operating fee rate will be 0.01 instead of 0.02 for five years starting the year after the Lessor makes the determination. After five years at 0.01, the operating fee rate will be 0.02 for the remainder 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 megawatts (MW) rounded to the nearest second decimal place in year <math>t</math> 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 <math>M_t</math>, 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> $(1) M_t = \sum_{w=1}^{W_t} \left( N_w \times \left[ \frac{Y_{w,t}}{D} \right] \right)$

Where:

$W_t$  = 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.

$N_w$  = Nameplate capacity of individual wind generation turbine,  $w$ , per the FDR or FIR expressed in MW.

$Y_{w,t}$  = Number of days that turbine  $w$  is commercially available during year.

$D$  = Days in the year set equal to 365 in all years for purposes of this calculation.

$M_t$  may be reduced only in the event that 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.

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 ( $M_t$ ).

**Table 1: Example of  $M_t$  Calculations for Installation**

Turbine	Nameplate Capacity ( $N_w$ ) [A]	Days in Turbine's Commercial operations Period [B]	Number of days Turbine is available for operation in year $t$ ( $Y_{w,t}$ ) [C]	Number of days in the Year [D]	Percent of days available for Commercial Operation $\left(\frac{Y_{w,t}}{D}\right)$ [E = C ÷ D]	Turbine capacity scaled based on percent of days in commercial operation $N_w \times \frac{Y_{w,t}}{D}$ [F = A × E]
#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.																																								
$c_p$ =	<p>the “Capacity Factor” in Performance Period <math>p</math>, 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.</p> <p>The initial Capacity Factor (<math>C_0</math>) will be set to 0.4.</p> <p>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.</p> <p><b>Table 2: Definition of Performance Periods</b></p> <table border="1"> <thead> <tr> <th>Performance Period (<math>p</math>)</th> <th>Commercial Operation Years (<math>t</math>)</th> <th>Payments Affected by Adjustment</th> <th>Capacity Factor (<math>C</math>)</th> <th>Date End Year (<math>n</math>)</th> </tr> </thead> <tbody> <tr> <td>0 (COD)</td> <td>Not Applicable</td> <td>Payments 1 to 7</td> <td><math>C_0=0.4</math></td> <td>--</td> </tr> <tr> <td>1</td> <td><math>t = 2</math> to 6</td> <td>Payments 8 to 12</td> <td><math>C_1</math></td> <td><math>n_1=6</math></td> </tr> <tr> <td>2</td> <td><math>t = 7</math> to 11</td> <td>Payments 13 to 17</td> <td><math>C_2</math></td> <td><math>n_2=11</math></td> </tr> <tr> <td>3</td> <td><math>t = 12</math> to 16</td> <td>Payments 18 to 22</td> <td><math>C_3</math></td> <td><math>n_3=16</math></td> </tr> <tr> <td>4</td> <td><math>t = 17</math> to 21</td> <td>Payments 23 to 27</td> <td><math>C_4</math></td> <td><math>n_4=21</math></td> </tr> <tr> <td>5</td> <td><math>t = 22</math> to 26</td> <td>Payments 28 to 32</td> <td><math>C_5</math></td> <td><math>n_5=26</math></td> </tr> <tr> <td>6</td> <td><math>t = 27</math> to 31</td> <td>Payment 33</td> <td><math>C_6</math></td> <td><math>n_6=31</math></td> </tr> </tbody> </table> <p><b>Adjustments to the Capacity Factor</b></p> <p>The Actual 5-year Average Capacity Factor (<math>X_p</math>) is calculated for each Performance Period after COD (<math>p &gt; 0</math>) per Equation 2 below. <math>X_p</math> represents the sum of actual, metered electricity generation in megawatt-hours (MWh) at the Delivery Point to the electric grid (<math>A_t</math>) divided by the amount of electricity generation in MWh that would have been produced if the facility operated continuously at its full, stated capacity (<math>M_t</math>) in all of the hours (<math>h_t</math>) in each year, <math>t</math>, of the corresponding five-year period.</p> $(2) X_p = \frac{\sum_{t=n-4}^n A_t}{(\sum_{t=n-4}^n M_t \times h_t)}$ <p>Where:</p> <p><math>M_t</math> = Nameplate Capacity as defined above.</p> <p><math>n</math> = “Date End Year” value for the Performance Period, <math>p</math>, as defined in Table 2.</p> <p><math>p</math> = Performance Period as defined in Table 2.</p> <p><math>A_t</math> = Actual generation in MWh associated with each year of Commercial Operations, <math>t</math>, on the</p>	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	$C_6$	$n_6=31$
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	<p>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.</p> <p><math>h_t</math> = Hours in the year on which the Actual Generation associated with each year of Commercial Operations, <math>t</math>, on the lease is based; this definition of “hours in the year” differs from the definition of <math>H</math> 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.</p> <p>The value of the Capacity Factor at the outset of Commercial Operations (<math>p = 0</math>) is set to 0.4 as stated in equation 3:</p> <p><b>(3)</b> <math>c_0 = 0.4</math></p>
$P_t =$	<p>a measure of the annual average wholesale electric power price expressed in dollars per MW hour.</p> <p>The Lessee must calculate <math>P_t</math> at the time each operating fee payment is due, subject to approval by the Lessor. The Price (<math>P_t</math>) must equal the simple average of the “on-the-hour” spot price indices for the <i>NYISO NYC-J</i> power market for the most recent calendar year of data available as reported by the Federal Energy Regulatory Commission (FERC). Alternatively, <math>P_t</math> may be based on aggregated data from commercial subscription services such as S&amp;P Global Market Intelligence Platform or Hitachi ABB Velocity Suite. BOEM will 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 <math>P_t</math> each year for review and approval by the Lessor. BOEM will use the posted prices to verify the lessee’s calculations.</p>
$r_t =$	<p>the operating fee rate of 0.02 (2%) or 0.01 (1%), as applicable.</p>

**(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 interest on the balance, in accordance with 30 CFR § 1218.54.

Late operating fee payments will be charged 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 date, 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 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 guaranteed 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-A 0537

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 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 marine mammals (those protected under the Endangered Species Act and those protected under the Marine Mammal Protection Act), sea turtles, sturgeon, and giant manta ray.
- 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 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 4 of Addendum "C" and include any waiver requests in its initial survey plan. Each survey plan must be consistent with the Lessee's Fisheries Communication Plan (FCP) (see 3.1.2.1) and Native American Tribal Communications Plan (NATCP) (see 3.1.2.2), 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. If the Lessee is proposing a fisheries survey that could result in the take of species listed under the Endangered Species Act, additional time should be allowed for consultation and/or permits authorizing the activity (see Section 5.1.4).

- 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 any 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 Construction and Operations Plan.

- 3.1.1 Engagement: The Lessee shall make reasonable efforts to consult with "Tribes and parties,"

that may be potentially affected by the project activities on the OCS, which 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 (see 5.3.3)
- Mariners and the Maritime Industry
- Ocean Users
- Submarine Cable Operators
- Underserved Communities, as defined in Section 2 of Executive Order 13985

The Lessee shall 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. To facilitate consultation under this section, the Lessee should work collaboratively with federal, state, and local governments, community organizations, and Tribes.

The Progress Report must:

- Identify Tribes and parties applicable to the project;
- 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).
- The report must also include a description of any anticipated or scheduled engagement activities for the next reporting period.
- The report must also include feedback from engagement with Tribes and parties regarding transmission planning, prior to proposing any export cable route.
- The report must 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 Tribes, parties, and the general public, and to encourage lessees to identify and engage with underserved communities, including environmental justice communities that may be disproportionately impacted by the Project's 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 you submit, as required 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 you wish to protect the confidentiality of such

information, 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. Information that is not labeled as privileged or confidential may be regarded by BOEM as suitable for public release. Further, BOEM will not treat as confidential aggregate summaries of otherwise nonconfidential information.

3.1.2 Communication Plans: The Progress Report must include a section with plan(s) on how the Lessee will communicate with fisheries, federally recognized Tribes, and agencies (see 3.1.2.1, 3.1.2.2, 3.1.2.3). 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 Fisheries Communications Plan and Fisheries Liaison: The Lessee must develop a draft FCP and make it publicly available within 120 days of lease execution. The Lessee must update and refine the FCP from time to time, in response to feedback obtained by engagement with Tribes and parties and BOEM consultation. If the Lessee does not develop a project website, the Lessee must make the FCP available to the Lessor and the public upon request. The plan must include the following:

- A description of the strategies that the Lessee intends to use for communicating with commercial and recreational fisheries prior to and during activities in support of the submission of a plan (e.g. SAP or a COP). This description must include mechanisms to distribute notices to Federal and state fisheries license holders known to operate near the lease area 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.
- The contact information for an individual retained by the Lessee as its primary point of contact with commercial and recreational fisheries (i.e., Fisheries Liaison).
- The strategy and general timing of discussions with commercial and recreational fisheries regarding the reduction of conflicts with facility designs, pursuant to Lease stipulation 3.1.1.
- A process to file a complaint with the offshore wind operator and seek the replacement of or compensate for lost gear.
- Plans to coordinate with commercial and recreational fisheries to identify peak fishing seasons and, to the extent practicable, avoid interaction offshore between survey vessels and commercial fishermen.

Additionally, the Lessee is required to (i) notify applicable ocean users two weeks in advance of any geological and geophysical survey activities and, (ii) provide an annual summary of filed complaint claims and outcomes to BOEM to better understand the frequency and extent of gear interactions.

3.1.2.2 Native American Tribes Communication Plan: The Lessee must develop a publicly available NATCP that describes the strategies that the Lessee intends to use for communicating with federally recognized Tribes, and that should outline specific methods for engaging with and disseminating information to federally recognized 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 federally recognized Tribes (i.e., a Tribal Liaison). The NATCP should include detailed information and protocols for regular engagement with federally recognized 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; and contact information (e.g., telephone numbers, email addresses, website addresses, etc.). The Lessee must make the NATCP available to the Lessor and the federally recognized Tribes upon request. The Lessee must provide a draft NATCP to BOEM and federally recognized Tribes for review and comment, and hold a meeting with federally recognized Tribes to discuss the NATCP, within 120 days of lease execution. The Lessee must invite federally recognized Tribes with cultural and historical ties to the lease area to participate in the development of the NATCP. If a federally recognized Tribe wishes to participate, the Lessee should request that the Tribe designate a Tribal Representative from each Tribe to serve as the Tribe's primary point of contact for communicating with the Lessee. If a federally recognized Tribe does not wish to participate in the development of the NATCP, the Lessee is no longer required to include them in NATCP communications. 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.

3.1.2.3 Agency Communication 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. 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.

- 3.1.2.4 **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.
- 3.1.3 **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 Outer Continental Shelf (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 consistent with 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, Office of Renewable Energy Programs (OREP) Program Manager, 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 OREP Program Manager. 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 OREP Program Manager. Upon cessation of any temporary suspension, the OREP Program Manager will immediately notify the Lessee 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 Project Design Criteria and Best Management Practices listed in Appendix B of the NMFS Letter of Concurrence issued by the National Marine Fisheries Service (NMFS) on June 29, 2021, is made available on every project-related vessel. The 2021 Biological Assessment and letter of concurrence may be found here: (<https://www.boem.gov/environmental-consultations>).
- 5.1.4 Endangered Species Act (ESA) Consultation for Biological Surveys: The Lessee must consult with BOEM, the NMFS, and the U.S. Fish and Wildlife Service (USFWS) prior to designing and conducting biological surveys intended to support offshore renewable energy plans that could interact with ESA-listed species. Please see the 2021 Biological Assessment (BA) and letter of concurrence here: (<https://www.boem.gov/renewable-energy/nmfs-esa-consultations>) for data collection activities that have been previously consulted upon.

## 5.2 **Protected Species**

- 5.2.1 Protected Species: Unless otherwise authorized by BOEM, Lessee’s OCS activities must comply with the standards in the Project Design Criteria and Best Management Practices found in BOEM’s notice (<https://www.boem.gov/sites/default/files/documents//PDCs%20and%20BMPs%20for%20Atlantic%20Data%20Collection%2011222021.pdf>) last revised on November 22, 2021. The 2021 BA and letter of concurrence from which these measures were derived may be found here: (<https://www.boem.gov/renewable-energy/nmfs-esa-consultations>). At the Lessee’s option, the Lessee, its operators, personnel, and contractors may satisfy this requirement 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 2021 BA or 2021 NMFS Letter of Concurrence, or through new or activity-specific consultations.

## 5.3 **Archaeological Survey Requirements**

- 5.3.1 Archaeological Survey Required: The Lessee must provide the results of an archaeological survey with its plans.
- 5.3.2 Qualified Marine Archaeologist: The Lessee must ensure that the analysis of archaeological survey data collected in support of plan (e.g., SAP and/or COP) submittal and the preparation of archaeological reports in support of plan submittal are conducted by a Qualified Marine Archaeologist.
- 5.3.3 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 Tribes:
  - Absentee-Shawnee Tribe of Indians of Oklahoma;
  - Delaware Tribe of Indians;
  - Eastern Shawnee Tribe of Oklahoma;

- Mashantucket Pequot Tribal Nation;
- Mashpee Wampanoag Tribe;
- Mohegan Tribe of Connecticut;
- Shawnee Tribe;
- Stockbridge-Munsee Community Band of Mohican Indians;
- The Delaware Nation;
- The Narragansett Indian Tribe;
- The Shinnecock Indian Nation; and
- Wampanoag Tribe of Gay Head (Aquinnah).

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

- 5.3.4 **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 4.2.6, 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, except as follows: 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 and the Qualified Marine Archaeologist who prepared the report must instead provide a statement documenting the extent of these impacts.
- 5.3.5 **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 indicates that he or she wishes to be present, the Lessee must reasonably facilitate the Qualified Marine Archaeologist's presence, as requested by the

Qualified Marine Archaeologist, and provide the Qualified Marine Archaeologist the opportunity to inspect data quality.

- 5.3.6 **No Impact without Approval:** In no case may the Lessee knowingly impact a potential archaeological resource without the Lessor's prior approval.
- 5.3.7 **Post-Review Discovery Clauses:** If the Lessee, while conducting geotechnical exploration or any other bottom-disturbing site characterization activities in support of plan (i.e., SAP and COP) submittal and after review of the location by a Qualified Marine Archaeologist under 4.2.4, 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:
- 5.3.7.1 Immediately halt seafloor/bottom-disturbing activities within the area of discovery;
  - 5.3.7.2 Notify the Lessor within 24 hours of discovery;
  - 5.3.7.3 Notify the Lessor in writing via report to the Lessor within 72 hours of its discovery;
  - 5.3.7.4 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
  - 5.3.7.5 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, 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)). 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)).

#### 5.4 **Avian and Bat Survey and Reporting Requirements**

- 5.4.1 **Lighting:** Any lights used to aid marine navigation by the lessee during construction, operations, and decommissioning of a meteorological buoy must meet USCG requirements for private aids to navigation [[https://www.uscg.mil/forms/cg/CG\\_2554.pdf](https://www.uscg.mil/forms/cg/CG_2554.pdf)] and BOEM's Guidelines for Lighting and Marking of Structures Supporting Renewable Energy Development [<https://www.boem.gov/2021-lighting-and-marking-guidelines>]. For any additional lighting, the lessee must use such lighting only when necessary, and the lighting must be hooded downward and directed when possible, to reduce upward illumination and illumination of adjacent waters.
- 5.4.2 **Motus Wildlife Tracking System:** To help address information gaps on offshore movements of birds and bats, including ESA-listed species, the Lessee must install Motus stations on meteorological or environmental data buoys in coordination with U.S. Fish and Wildlife Service's Offshore Motus network.

- 5.4.3 **Bird Deterrents:** To minimize the attraction of birds, the Lessee must install bird deterrent devices (e.g., anti-perching), where appropriate.
- 5.4.4 **Avian Annual Reporting:** The Lessee must provide an annual report to the Lessor and USFWS using the contact information provided as an Enclosure to this lease, or updated contact information as provided by the Lessor. This report must document any dead or injured birds or bats found during activities conducted in support of plan submittal. The first report must be submitted within 6 months of the start of the first survey conducted in support of plan submittal, and subsequent reports must be submitted annually thereafter until all surveys in support of plan submittal have concluded and all such birds and bats have been reported. If surveys are not conducted in a given year, the annual report may consist of a simple statement to that effect. An annual report must be provided to BOEM and USFWS documenting any dead (or injured) birds or bats found on vessels and structures during construction, operations, and decommissioning. The report must contain the following information: the name of species, date found, location, a picture to confirm species identity (if possible), and any other relevant information. Carcasses with Federal or research bands must be reported to the United States Geological Survey Bird Band Laboratory, available at <https://www.pwrc.usgs.gov/bbl/>.
- 5.4.5 **Survey Results and Data:** The Lessee must provide the results of avian surveys and data to BOEM and USFWS with its plans.

## 6 PROJECT LABOR AGREEMENTS

The Lessee must make every reasonable effort to enter a Project Labor Agreement(s) (PLA) covering the construction stage of any project proposed for the leased area.

## 7 SUPPLY CHAIN

- 7.1 **Supply Chain Statement of Goals:** The Lessee must submit to the Lessor a statement of goals in which the Lessee will describe any plans by Lessee for contributing to the creation of a robust and resilient US-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:

- Installation, downpipe, survey and other vessels,
- Port infrastructure,
- Grid upgrades,
- Research & development,
- Manufacturing of components and facilities,
- Supply chain architecture like 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, and
- Ensuring equal access to contracting opportunities.

Annually following COP approval, the Lessee must send updates to the Lessor on the Supply Chain Statement of Goals, and the Lessee's progress in meeting those goals. This

information may be provided as part of the certification of compliance statement pursuant to 30 CFR 585.633(b).

The Lessee must submit an evaluation of the Lessee's success in meeting these goals no later than the last required Fabrication and Installation Report submission. The Lessee must submit a version of the Statement of Goals, updates, and final report that do not contain confidential information, so that BOEM can make them publicly available.

7.2 **Supply Chain Operating Fee Credit:** To promote the development of the United States' offshore wind supply chain, the Lessee is encouraged to procure major offshore wind components domestically. The Lessee may be eligible for an operating fee rate of 1% for a period of five years. To qualify, the Lessee must satisfy four or more of the following conditions:

- All nacelles for the project are assembled in the United States;
- All turbine blades are manufactured in the United States;
- All towers are manufactured in the United States;
- All foundations are manufactured in the United States;
- All transition pieces are manufactured in the United States;
- All inter-array cables are manufactured in the United States;
- All export cables are manufactured in the United States;
- The offshore substations are manufactured in the United States.

The domestic assembly and manufacturing conditions described above must be meaningful and substantial, as determined by BOEM. For example, a nacelle that is assembled abroad with minor components added in the United States would not satisfy the requirement.

To qualify for the operating fee credit, Lessees must request the credit and must provide to BOEM evidence that four or more of the above-listed conditions were met. Upon BOEM's review and determination that the requesting Lessee has met the criteria to earn the operating fee rate adjustment, the operating fee rate starting in the year after the completion of the review and determination will be 0.01 for five years.

## 8 SITING CONDITIONS

8.1 **Surface Structure Layout and Orientation:** If the Lessee's lease area abuts a neighboring BOEM lease area, in its COP project design, the Lessee must endeavor to design a structure layout that contains two common lines of orientation across the adjacent leases (as described in Navigation and Vessel Inspection Circular 01-19). If the Lessee and the neighboring BOEM lessee cannot agree on such a structure layout, the Lessee must incorporate a 1 nautical mile setback from the boundary of the neighboring lease, within which the Lessee must not construct any surface structures. Rent will be collected on all areas assigned to the lessee, as outlined in Addendum A, regardless of potential restrictions.

8.2 **No Surface Occupancy:** This lease is subject to no surface occupancy for areas identified in Addendum A. No surface occupancy is defined as a prohibition on the permanent placement of an object on the ocean surface within a specific space.



U.S. DEPARTMENT OF THE INTERIOR  
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**ADDENDUM "D"**

PROJECT EASEMENT

Lease Number OCS-A 0537

This section includes a description of the Project Easement(s), if any, associated with this lease, and the financial terms associated with it. 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 or modification of the COP describing the project easement. Annual rent for a project easement 200 feet wide, centered on the transmission cable, is \$70.00 per statute mile. For any additional acreage required, the Lessee must also pay the greater of \$5.00 per acre per year or \$450.00 per year.

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**ADDENDUM "E"**

RENT SCHEDULE

Lease Number OCS-A 0537

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

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Lease Number OCS-A 0537

**CONTACT INFORMATION FOR REPORTING REQUIREMENTS**

The following contact information must be used for the reporting and coordination requirements specified in ADDENDUM "C", Stipulation 5.4:

**United States Fleet Forces (USFF) N46**  
**1562 Mitscher Ave, Suite 250**  
**Norfolk, VA 23551**  
**(757) 836-6206**

All Other Reporting Requirements in Stipulation 5.3:

Bureau of Ocean Energy Management  
Environment Branch for Renewable Energy  
Phone: 703-787-1340  
Email: [renewable\\_reporting@boem.gov](mailto:renewable_reporting@boem.gov)

**ENCLOSURE**