

DOCKETED	
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Filer:	susan fleming
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BOEM Bureau of
Ocean Energy Management

Outer Continental Shelf Wind Energy Leasing in California

California Energy Commission Workshop

March 3, 2022

Necy Sumait, Regional Supervisor, Office of Strategic Resources

Pacific Regional Office

Presentation Topics

- **Brief overview of the BOEM leasing process**
- **California status and next steps to lease sale**
- **Opportunities for input and engagement**
- **Lease auction formats and previous approaches**



BOEM Wind Energy Authorization Process



Planning & Analysis

~ 2 YEARS

- Intergovernmental Task Force
- Request for Information or Call for Information and Nominations
- Area Identification
- Environmental Reviews



Leasing

~ 1-2 YEARS

- Publish Leasing Notices
- Conduct Auction or Negotiate Lease Terms
- Issue Lease(s)



Site Assessment

UP TO 5 YEARS

- Site Characterization
- Site Assessment Plan



Construction & Operations

~ 3 YEARS (+25)

- Construction & Operations Plan
- Facility Design Report and Fabrication & Installation Report
- Decommissioning
- Environmental and Technical Reviews

- **BOEM coordinates and consults with affected Tribal, State, and local governments and other federal agencies**
 - **Multiple opportunities for public input**



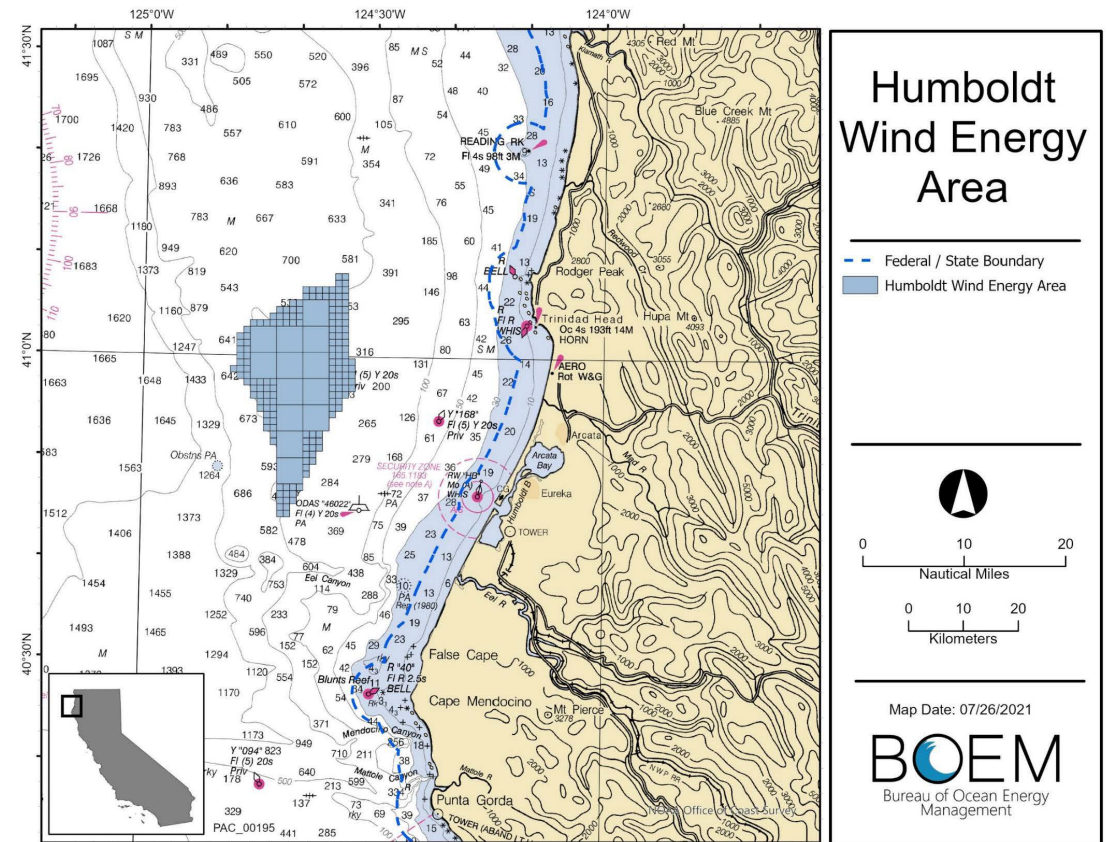
California North Coast: Humboldt

Humboldt Wind Energy Area

- Size: 132,369 acres (206 square miles)
- 20 miles offshore
- July 28, 2021: BOEM announced the Humboldt Wind Energy Area (WEA) offshore Northern California
- January 11, 2022: Draft Environmental Assessment released
 - January 25 and January 26, 2022: Virtual meetings held for public input
 - February 10, 2022: 30-day public review and comment period closed

Next Step

- Finalize and publish Environmental Assessment



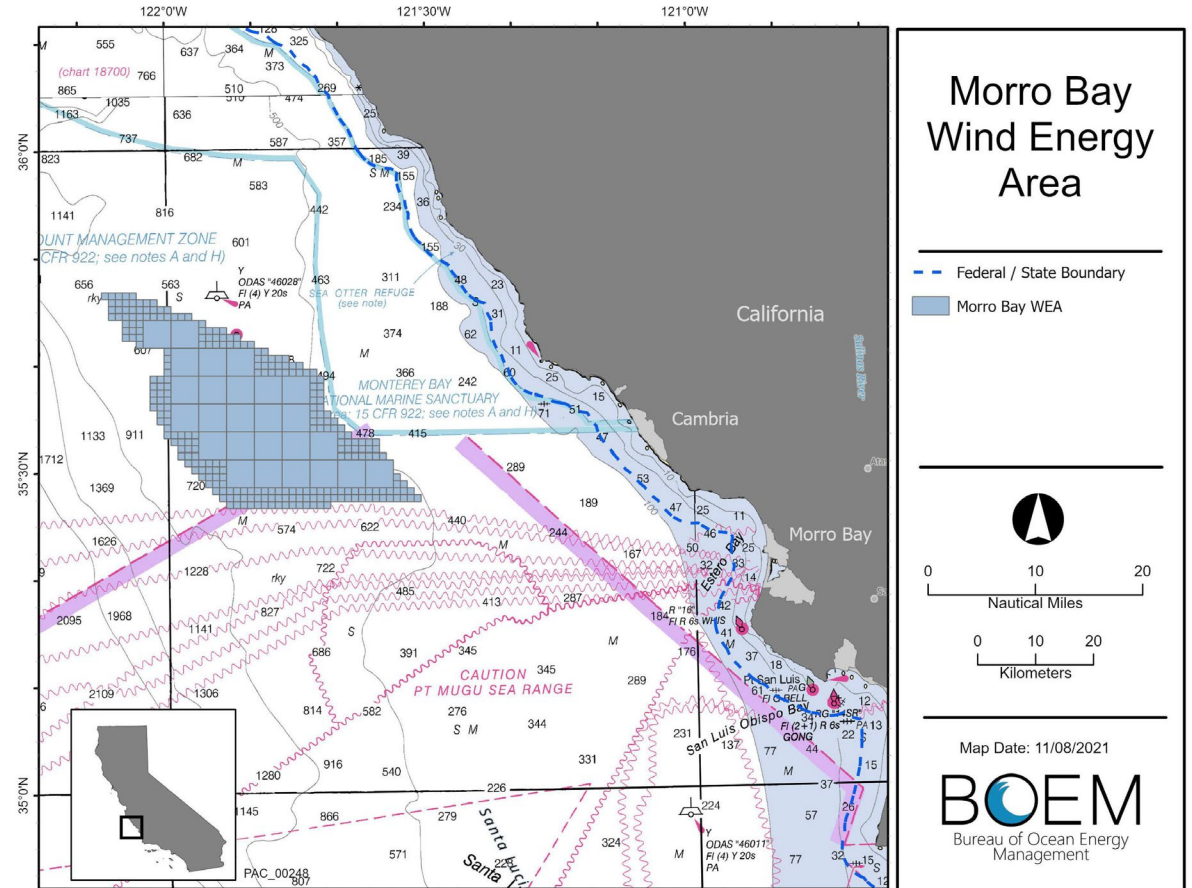
California Central Coast: Morro Bay

Morro Bay Wind Energy Area

- Size: 240,898 acres (376 square miles)
- 20 miles offshore
- November 12, 2021: BOEM announced the Morro Bay Wind Energy Area (WEA) offshore Central California
- December 1, 2021 and January 5, 2022: Virtual public scoping meetings held to solicit input on the Morro Bay WEA environmental analysis

Next Step

- Release Draft Environmental Assessment for public review and comment



California – Outlook and Next Steps

Complete Environmental Assessments

Publish Proposed Sale Notice

- Humboldt and Morro Bay Areas will be combined into one Proposed Sale Notice for a single California auction that includes both Areas
- 60-day comment period
- Last opportunity for developers to indicate interest and submit qualifications to bid

Publish Final Sale Notice

Lease Auction (Fall 2022)



Contents of a Proposed Sale Notice (PSN)

- **Identifies areas proposed for leasing**
- **Identifies proposed auction methodology**
- **Invites potential bidders to qualify**
 - Legal, Financial, Technical Requirements
- **Initiates 60-day comment period for stakeholder input**
- **BOEM will hold auction seminar during comment period**



Potential Inputs From Stakeholders

- **Comments related to the lease sale**
- **Number, size, orientation and location of the proposed lease areas**
- **Project layout considerations**
- **Potential lease stipulations**
- **Potential auction formats**



Examples of Lease Provisions and Conditions in a PSN

- **Fisheries Liaison and Fisheries Communication Plan**
- **Native American Tribes Communication Plan**
- **Agency Communication Plan**
- **Protected Species considerations**
- **Site characterization requirements – e.g. survey plan submittals, pre-survey meetings, progress reporting, engagement with Tribal Governments and other parties**
- **Workforce considerations for construction**
- **Financial assurance**
- **Lease terms**



Contents of a Final Sale Notice



- **Published in the Federal Register a minimum of 30 days prior to the auction**
- **Sets dates for next steps**
- **Specifies the final areas for lease**
- **Identifies final auction format selected for the lease sale**
- **Incorporates any changes based on PSN feedback**
- **Lists eligible bidders**
 - Does not guarantee participation



Final Sale Notice to the Auction

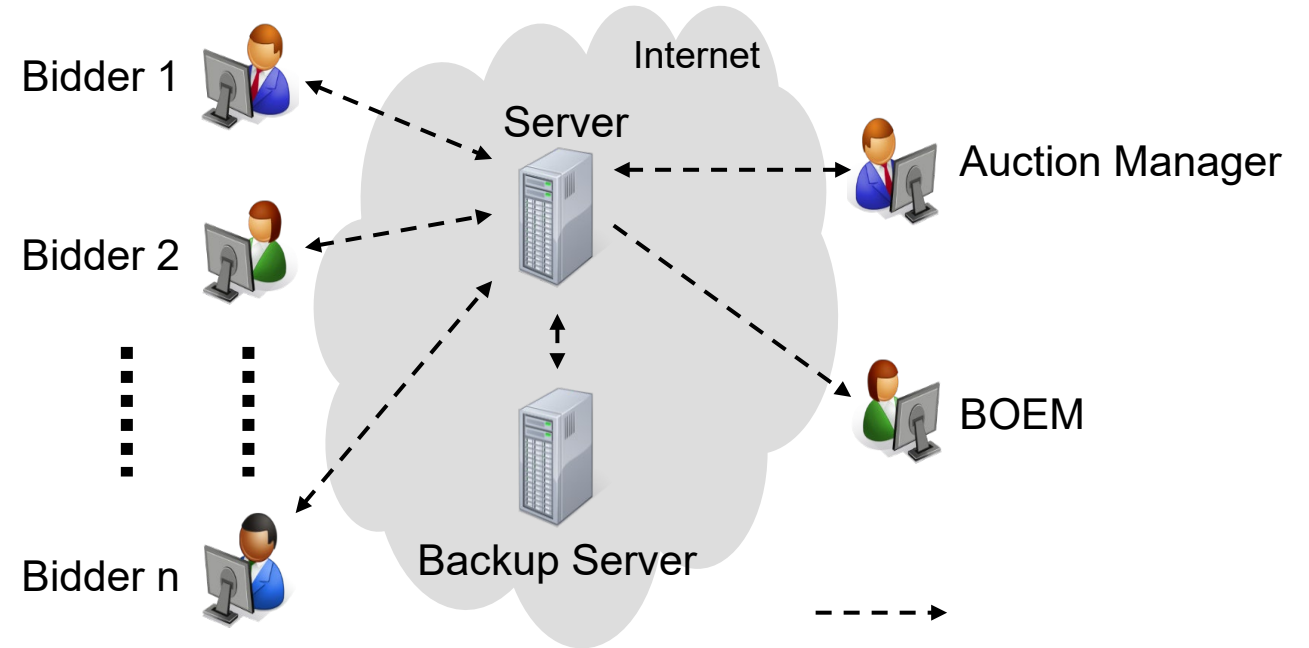
Bidder Financial Forms Due to BOEM

- Lists any affiliations
- Designates Person of Contact & Bidder

Bid Deposits Paid

Mock Auction

Live Auction



Auction Day

1. Bidders log in
2. Rounds of the auction occur until one winner for each area
3. Website updated

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



Auction to Lease Issuance

1. **Declaration of Provisional Winners**
2. **Department of Justice Review**
 - Up to 30 days
3. **Lease Sent to Winners for Execution (10 Business Days)**
 1. Pay balance of bonus bid
 2. Agree to the terms of the lease
 3. File financial assurance
 4. Return signed lease copies



New York Bight Final Sale Notice (87-FR-2446)

- BOEM utilized an ascending bidding auction with cash as the bid variable for this lease sale as authorized under 30 CFR 585.220(a)(2) and 585.221(a)(1)
- Auction started with minimum bid prices for each Lease Area
- Prices incrementally increased until no more than one active bidder per Lease Area remained in the auction
 - The New York Bight Auction was 64 rounds over three days



Carolina Long Bay – Proposed Sale Notice (86-FR 60274)

- Multiple factor bidding auction as authorized under 30 CFR 585.220(a)(4) and 585.221(a)(6)
- Under BOEM's proposal, the bidding system for this lease sale would be a multiple-factor combination of non-monetary and monetary factors
- The bid made by a particular bidder in each round would represent the sum of a bidding credit and a monetary (cash) amount
- The proposed bidding credit would allow bidders to receive a credit of up to 20% off their winning bid in exchange for financial commitments to a workforce training program or to development of a domestic supply chain
- BOEM proposes to start the auction using the minimum bid price for the Lease Area and to increase that price incrementally until no more than one active bidder remains in the auction



Renewable Energy Process: Lease to Operations

[Planning & Analysis]

Initiate Leasing Process (RFI/Call)



Area Identification
Wind Energy Areas

Publish Leasing Notices

0 — ~1/2

0 — <1 1/2

NEPA/Environmental Reviews

[Leasing]

Lease Granted



Submit SAP



Pre-survey Meetings/Plan

0

1

Auction

BOEM Reviews & Approves SAP



[Site Assessment]

Site Assessment & Surveys
(maximum timeframe)



[Construction & Operations]

BOEM Deems COP Complete & Sufficient



BOEM Environmental & Technical Reviews



BOEM Approves COP



Installation



0 — 2

Submit COP

(with Project Design Envelope – optional)



Submit Design & Installation Plans



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Necy Sumait | necy.sumait@boem.gov | (805) 384-6320

Jean Thurston-Keller | jean.thurston-keller@boem.gov | (805) 384-6303 (BOEM California State Coordinator)