



**BOEM** Bureau of  
Ocean Energy Management

## **Net Positive Impact on Biodiversity?**

### **BOEM Auction Process: Perspectives and Considerations**

Marine Law Symposium

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# Outer Continental Shelf Lands Act (Organic Act for submerged lands)

- The outer Continental Shelf is a vital resource . . . which should be made available for **expeditious and orderly development**, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs.
- The Secretary shall ensure that any activity . . . is carried out in a manner that provides for **safety, protection of the environment**, prevention of waste, conservation of the natural resources of the outer Continental Shelf, coordination with relevant Federal agencies, protection of national security interests of the United States, protection of correlative rights in the outer Continental Shelf, **a fair return to the United States, prevention of interference with reasonable uses** (as determined by the Secretary), . . . **consideration of any other use of the sea or seabed, including use for a fishery**, a sealane, a potential site of a deepwater port, or navigation . . .

43 U.S.C. 1332, 1337(p)(4)



# Proposed Gulf of Mexico Bidding Credit Provisions

- Bidders may receive a bidding credit in exchange for committing to make a qualifying monetary contribution to programs or initiatives supporting offshore wind
- Two types of bidding credits proposed in the Gulf of Mexico Proposed Sale Notice:
  - 20% bidding credit for a commitment to invest in programs that will advance U.S. offshore wind energy **workforce training and/or supply chain development.**
  - 10% bidding credit for establishing or contributing to a **GOM fishing mitigation fund.**



# Bidding Credit Example (discount on cash bid)

- **Example: a winning bidder qualifies for 30% bidding credit with a winning bid of \$30 million.**
  - The calculations are as follows:

$$\text{Cash Bid} = \frac{\$30 \text{ million}}{(1 + 0.30)} = \$23.077 \text{ million}$$

$$30\% \text{ Credit} = \$30 \text{ million} - \$23.077 \text{ million} = \$6.923 \text{ million}$$

- **Notes:**
  - 30% Credit is 23.08% of the imputed bid price
    - \$4.615 million commitment to training/supply chain
    - \$2.308 million commitment to fishing mitigation fund
  - 23.08% is close to the 25% bidding credit ceiling



# Starting \$/MWh Strike Prices (NREL)

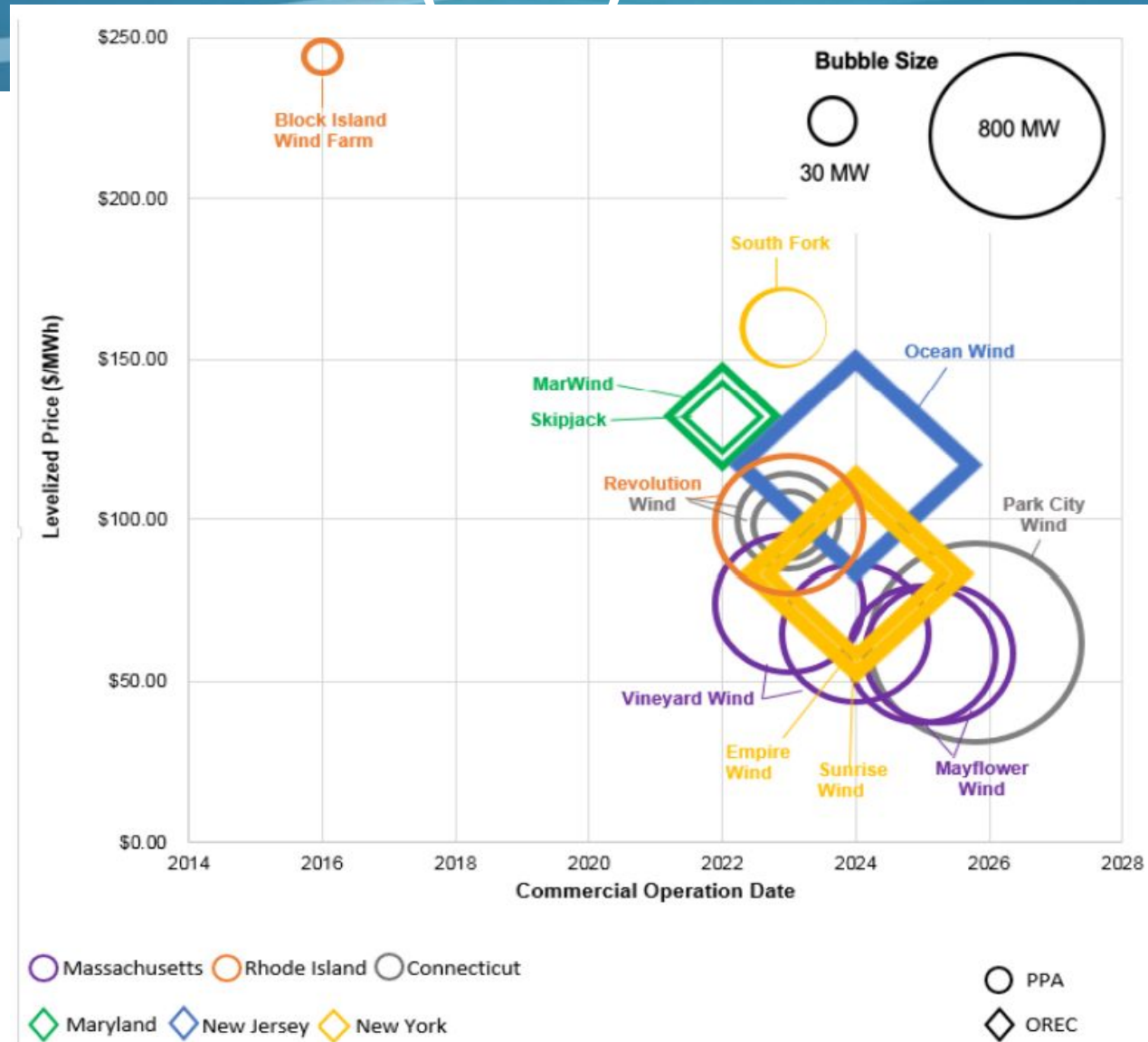


Figure 5. Levelized offshore wind offtake agreement prices<sup>21</sup>