

BIDDER'S FINANCIAL FORM

ADDENDUM

Bidding Credit Purpose and Goals

BOEM is using a multiple-factor auction format for this lease sale. Under this system, BOEM will consider a combination of factors, which will include a monetary factor (cash bid) and up to two non-monetary factors in the form of bidding credit(s), to determine the outcome of the auction.

The bidding credits are designed to support workforce training programs for the offshore wind industry; develop a U.S. domestic supply chain for offshore wind manufacturing, assembly, or services; and establish and provide funds for a Fisheries Compensatory Mitigation Fund to compensate for potential adverse impacts to commercial and for-hire recreational fisheries in the Gulf of Mexico (GOM) resulting from offshore wind development.

General Requirements

In order to qualify for one or both of these credits, BOEM requires the bidder to submit a Conceptual Strategy for fulfilling the requirements for the bidding credits the bidder selects in its Bidder's Financial Form (BFF). BOEM appoints a panel to review the non-monetary factors after BOEM has received the BFFs, Conceptual Strategies, and bid deposits, but before the lease auction. As described in the Final Sale Notice, this panel will assess each strategy on its own merits to determine the bidder's final bidding credit(s). The panel will assess each Conceptual Strategy on a pass/fail basis and will not award partial bidding credits. BOEM will not consider or evaluate historical or related corporate efforts unless the bidder is proposing to continue the same program for its Contribution. Bidders will be notified of their final credit amounts before the Mock Auction.

Each individual Conceptual Strategy must enable BOEM to objectively verify that the Bidder has formulated and eventually satisfied a plan that will lead to the fulfillment of the bidding credit requirements, as specified in the Lease. Based on the initial determination, the panel will identify whether it finds a bidder eligible or not eligible for each credit. A Lessee must meet the commitments described in its Conceptual Strategy before the Lessee submits the Lease's first Facility Design Report (FDR) or applicable Lease Anniversary, whichever is sooner, as stated below. To allow bidders to adapt more successfully to unexpected future conditions in the implementation of their strategies, bidders may include multiple qualifying monetary contribution targets under consideration, so long as all the contribution targets are consistent with and of an amount not less than the bidding credit requirements described in Addendum "C" of the executed Lease. Addendum "C" of the executed Lease will include the exact amount of the financial commitment for each credit. The Conceptual Strategy for each bidding credit is expected to be forward-looking and need not name specific investments or beneficiaries (though specificity is encouraged where possible).

The panel will review the Conceptual Strategies to ensure that the strategy as a whole would satisfy the terms of the Lease if implemented. Before the auction is held, BOEM will send letters to all potential bidders who submitted Conceptual Strategies notifying them whether they qualify for the bidding credits addressed in their Conceptual Strategies. After BOEM has issued the Lease, lessees may request meetings with BOEM regarding satisfaction of their credit.

Section One: Workforce Training and/or Domestic Supply Chain Development

Bidding Credit Value: 20% of Cash Bid

Qualifications

To qualify for the **workforce training and/or domestic supply chain development bidding credit**, the bidder must commit to making a qualifying monetary contribution (“Contribution”¹) to programs or initiatives, as described in the Lease, that support workforce training programs for the U.S. offshore wind industry, development of a U.S. domestic supply chain for the offshore wind industry, or both. The Contribution must be verifiable by BOEM and be executed before the submission of the first FDR for the Lease or the tenth Lease Anniversary, whichever is sooner. Specifically, BOEM must be able to verify both that the Contribution was made and that it was applied in the manner described in the Lease and is consistent with the Lessee’s Conceptual Strategy submitted with the BFF.

Conceptual Strategy

Bidders who elect to pursue this bidding credit must submit the following with their BFF:

- A Conceptual Strategy describing how the bidder intends to meet the **workforce training and/or domestic supply chain development** bidding credit requirements consistent with provisions of the Lease. The Conceptual Strategy must:
 - Describe the Bidder’s individual proposals for Contributions to fulfill the bidding credit, including the form of Contributions, subject to the requirements and restrictions described in the Lease.
 - Describe how each proposal will support workforce training programs for the offshore wind industry, development of a U.S. domestic supply chain for the offshore wind energy industry, or both, as required in the Lease.
 - Explain how the Lessee will select Contribution recipients. The bidder can identify different workforce training or supply chain programs the Lessee will consider. The Conceptual Strategy can prioritize different programs under consideration while maintaining flexibility to select recipients that provide the

¹ As used herein, “Contribution” means: (i) the direct transfer or payment of monetary funds; and (ii) establishment of non-refundable monetary commitments or guarantees (including but not limited to, revolving funds, trusts and loan guarantees).

greatest value and benefit for training workers or supporting development of the offshore wind supply chain closer to the time when the Contribution is made.

- Describe the process for documentation and verification once the Contribution has been made, consistent with the requirements in the Lease.

The individual proposals for Contributions within the Conceptual Strategy need not be evenly distributed between workforce training and domestic supply chain development and could include proposals that address only workforce training or supply chain development.

Section Two: Fisheries Compensatory Mitigation Fund Bidding Credit Value: 10% of Cash Bid

Qualifications

To qualify for the **Fisheries Compensatory Mitigation Fund** bidding credit, bidders must commit to establishing and contributing to a Fisheries Compensatory Mitigation Fund or contributing to an existing fund before the submission of the first FDR for the Lease or the fifth Lease Anniversary, whichever is sooner. The fisheries compensatory mitigation fund bidding credit is intended to address the impacts identified in BOEM's environmental and project reviews.

The Fisheries Compensatory Mitigation Fund must compensate commercial and for-hire recreational fisheries impacted by pre-construction, construction, operations, and/or decommissioning of offshore wind facilities. Lessees are encouraged to establish or contribute to a regional GOM Fisheries Compensatory Mitigation Fund where all money would be combined to cover impacts from all GOM wind energy leases or easements, and not just those that occur on the Lessee's Lease area.

Conceptual Strategy

Bidders committing to use the Fisheries Compensatory Mitigation Fund bidding credit will need to submit their Conceptual Strategy along with their BFF. The Conceptual Strategy must describe the verifiable actions the Lessee intends to take to allow BOEM to confirm compliance when the Lessee submits its documentation demonstrating satisfaction of the Lease requirements for its Contribution to the Fisheries Compensatory Mitigation Fund.

Bidders' Conceptual Strategies must:

- Describe the primary provisions it proposes to include in the fisheries compensatory mitigation fund charter including how the compensatory provisions mitigate impacts to fishers from the offshore wind development in offshore wind Lease Areas in the GOM and how the lessee will ensure fiduciary governance and strong internal controls. The bidder is encouraged to consider existing fisheries compensatory mitigation models,

including BOEM's draft *Guidelines for Mitigating Impacts to Commercial and For-Hire Recreational Fisheries on the Outer Continental Shelf Pursuant to 30 CFR Part 585* and *The East Coast States' Fisheries Mitigation Project*.

- Describe a process or mechanism for compensating fishers for gear loss or damage, including such loss or damage that may occur before the lessee begins in-water construction activities (e.g., surveys) and before the Fisheries Compensatory Mitigation Fund has been established.
- Certify that documentation and verification processes for the Fisheries Compensatory Mitigation Fund will be established and that the fund itself will be funded according to the requirements in the Lease.
