Ms. Rachel Pachter
Vineyard Wind LLC
700 Pleasant Street, Suite 510
New Bedford, Massachusetts 02740

Dear Ms. Pachter:

I am writing on behalf of the Bureau of Ocean Energy Management (BOEM), Office of Renewable Energy Programs regarding Vineyard Wind LLC’s (Vineyard Wind) regulatory departure request submitted pursuant to 30 C.F.R. § 585.103 on December 4, 2017, and resubmitted with additional information on March 1, 2021. Vineyard Wind has requested a departure from 30 C.F.R. § 585.516(a)(4), which requires lessees to provide financial assurance for decommissioning costs before the installation of facilities on their lease. Specifically, Vineyard Wind has requested to defer providing the full amount of its decommissioning financial assurance until year 15 of actual operations under its 20-year Power Purchase Agreements (PPAs) for the Vineyard Wind 1 Offshore Wind Energy Project (the Project) on commercial lease OCS-A 0501 offshore Massachusetts. Through this letter, BOEM approves this departure request, subject to the conditions set forth below.

In support of this departure request, Vineyard Wind asserts that requiring decommissioning financial assurance before project construction is unnecessarily burdensome for lessees because, at that point, they have not begun receiving project income. In addition, Vineyard Wind has identified several risk-reduction factors associated with the Project, including:

1) Robust insurance policies that cover any damages to the Project throughout the construction and operations phases, and the restoration of project operations after any catastrophic event;

2) The use of proven wind turbine technology;

3) In contrast with the conventional energy sector, the offshore wind industry’s use of long-term (20-year) PPAs with guaranteed electricity sales prices that, coupled with the consistent supply of wind energy, ensure a predictable income over the life of the Project.

BOEM agrees that these risk-reduction factors, along with our review of the Project’s projected revenue and costs, demonstrate that deferring the decommissioning financial assurance requirement until 15 years after construction does not expose the U.S. Government to undue risk.
Pursuant to 30 C.F.R. § 585.103(a), BOEM finds that this departure is necessary to facilitate appropriate activities on lease OCS-A 0501 because it would reduce Vineyard Wind’s upfront financial assurance burden, thereby facilitating the Project’s financing process and enabling Vineyard Wind to invest the available capital in planning and construction, which could, in turn, enable Vineyard Wind to commence operations more quickly than if the departure were not granted. Additionally, pursuant to 30 C.F.R. § 585.103(b), this departure: 1) is consistent with subsection 8(p) of the Outer Continental Shelf Lands Act because it promotes the production and transmission of energy from a source other than oil and gas (i.e., wind); 2) does not impair third parties’ rights because it only involves the timing of decommissioning financial assurance obligations required per 30 C.F.R. part 585; and 3) is documented in writing. Finally, BOEM finds that granting this departure protects the environment, and public health and safety, to the same degree as if there were no approved departure.

BOEM therefore approves the departure from 30 C.F.R. § 585.516(a)(4), subject to the following conditions:

1) Before operations begin, Vineyard Wind must annually provide BOEM with projections of its revenue and operational expenses for the remaining years of its PPAs. Once the Project is operational, Vineyard Wind must annually provide these projections based on actual operating conditions. Vineyard Wind must provide BOEM with this information annually on March 31 until the decommissioning account noted below is fully funded.

2) Pursuant to 30 C.F.R. § 585.529, Vineyard Wind must establish a decommissioning account based on a BOEM-determined amount of required financial assurance, and fully fund the account no later than 15 years after the date on which Vineyard Wind begins commercial operations on the lease under any of its PPAs.

3) This departure approval is subject to BOEM’s favorable annual evaluation of Vineyard Wind’s projected or actual revenue and operational expenses. Notwithstanding the granting of this departure, BOEM reserves the right to require Vineyard Wind to provide decommissioning financial assurance at any time.

This regulatory departure will start on the date Vineyard Wind begins installing facilities on the lease, given that the financial assurance would otherwise be due by then. Please note that this approval applies only to the Vineyard Wind 1 Project on commercial lease OCS-A 0501. If you have any questions, please contact Meredith Lilley at meredith.lilley@boem.gov or 703-787-1037.

Sincerely,

JAMES BENNETT

James F. Bennett
Chief
Office of Renewable Energy Programs