

Billing Code: 4310-MR

DEPARTMENT OF THE INTERIOR

Bureau of Ocean Energy Management

[Docket No. BOEM-2022-0015]

Atlantic Wind Lease Sale 9 (ATLW-9) for Commercial Leasing for Wind Power on the Outer Continental Shelf (OCS) in the Carolina Long Bay Area (CLBA) - Final Sale Notice (FSN)

AGENCY: Bureau of Ocean Energy Management, Interior.

ACTION: Final sale notice

SUMMARY: This FSN contains information pertaining to the areas available for commercial wind energy leasing on the OCS in the Carolina Long Bay Area. Specifically, this FSN details certain provisions and conditions of the leases, auction details, the lease form, criteria for evaluating competing bids, award procedures, appeal procedures, and lease execution. The Bureau of Ocean Energy Management (BOEM) will offer two leases: Lease OCS-A 0545 and Lease OCS-A 0546. The issuance of any lease resulting from this sale would not constitute an approval of project-specific plans to develop offshore wind energy. Such plans, if submitted by the lessee, would be subject to subsequent environmental, technical, and public reviews prior to a decision on whether the proposed development should be authorized.

DATES: BOEM will hold an online mock auction for potential bidders starting at 9:00 a.m. Eastern Daylight Time (EDT) on May 6, 2022. The monetary auction will be held online and will begin at 9:00 a.m. EDT on May 11, 2022. Additional details are provided in the section entitled "Deadlines and Milestones for Bidders."

FOR FURTHER INFORMATION CONTACT: Casey Reeves, BOEM Office of Renewable Energy Programs, 45600 Woodland Road, VAM-OREP, Sterling, Virginia 20166, ((703)787-1671 or casey.reeves@boem.gov.

SUPPLEMENTARY INFORMATION:

AUTHORITY: 43 U.S.C. 1337(p); 30 CFR 585.211 and 585.216.

- I. **BACKGROUND:** The Outer Continental Shelf Lands Act authorizes BOEM to offer renewable energy leases for sale on the OCS competitively, unless BOEM determines there is no competitive interest. On December 13, 2012, BOEM published a *Call for Information and Nominations* (or “Call”) in the Federal Register (under Docket ID: BOEM-2012-0088) for a 45-day public comment period to gauge the offshore wind industry's interest in acquiring commercial wind leases in three areas offshore North Carolina and to request comments regarding site conditions, resources and other uses within the Call areas. On February 5, 2013, BOEM reopened the comment period for the Call to allow for additional public input (Docket ID: BOEM-2012-0088); the comment period closed on March 7, 2013. BOEM then published a Proposed Sale Notice (PSN) in the Federal Register on November 1, 2021, which initiated a 60-day comment period ending on January 3, 2022. Any prospective bidders wishing to participate in a Carolina Long Bay lease sale were requested to submit qualification materials postmarked no later than January 3, 2022. BOEM also hosted an auction seminar for prospective bidders on November 16, 2021, to discuss the proposed auction format. BOEM received 60 comment submissions in response to the PSN, which are available on regulations.gov (Docket ID: BOEM-2021-0078) at: <https://www.regulations.gov/document/BOEM-2021-0078-0001>.

In response to the comments received, BOEM made several changes to the description of the Wilmington East Lease Area that was published in the PSN. The primary change is a reorientation of lease area boundaries resulting in 110,091 acres being offered for sale, which is further explained in Section IV - Areas Offered for Leasing. In addition, several lease stipulations were developed, or refined, based on feedback solicited in the PSN, including provisions to advance engagement and coordination with federally recognized Tribal Nations, ocean users, other agencies, underserved communities, and other interested stakeholders; advance flexibility in transmission planning; advance the domestic supply chain; and promote the use of project labor agreements (PLAs).

II. **LIST OF ELIGIBLE BIDDERS:** BOEM has determined that the following 16 entities are legally, technically, and financially qualified to hold a commercial wind lease in the Wilmington East Lease Area pursuant to 30 CFR 585.106 and 107 and may participate in this lease sale as bidders subject to meeting the requirements outlined in this notice:

Company Name	Company No.
547 Energy LLC	15123
Arevia Power LLC	15129
Avangrid Renewables, LLC	15019
BP US Offshore Wind Energy LLC	15122
Invenergy Long Bay Offshore LLC	15137
Carolina Offshore Wind LLC	15135
Duke Energy Renewables Wind, LLC	15134
EDF Renewables Development, Inc.	15027
JERA Renewables NA, LLC	15131
Masdar Offshore Wind Americas LLC	15139
MRP Offshore Wind Farm LLC	15141
Orsted North America Inc.	15059
OW North America Ventures LLC	15133
RWE Offshore Wind Holdings, LLC	15061
Shell New Energies US LLC	15140
TotalEnergies Renewables USA, LLC	15136

- a. **Affiliated Entities:** On the Bidder's Financial Form (BFF) discussed below, eligible bidders must list any eligible bidders with whom they are affiliated.

Affiliated eligible bidders are not permitted to compete against each other in the lease sale and must decide by the start of the auction which eligible bidder (if any) will participate. If two or more affiliated bidders participate in the auction, BOEM may disqualify some or all such bidders from the auction.

BOEM considers two entities to be affiliated if they meet the definition of affiliate in 30 CFR 1206.20, as applicable, or if they are both direct, or indirect, subsidiaries of the same parent company.

- III. **DEADLINES AND MILESTONES FOR BIDDERS:** This section describes the major deadlines and milestones in the auction process from publication of this FSN to execution of the lease pursuant to this sale. These are organized into various stages: the FSN Waiting Period; Conducting the Auction; and From the Auction to Lease Execution.

- a. **FSN Waiting Period**

- i. *BFF*: Each bidder must submit a BFF to BOEM to participate in the auction. BOEM must receive each BFF no later than April 11, 2022. If a bidder does not submit a BFF by this deadline, BOEM, in its sole discretion, may grant an extension to that bidder only if BOEM determines the bidder's failure to timely submit a BFF was caused by events beyond the bidder's control. The BFF can be downloaded at: boem.gov/renewable-energy/state-activities/carolina-long-bay. Once BOEM has processed a BFF, the bidder may log into *pay.gov* and submit a bid deposit. For purposes of this auction, BOEM will not consider any BFFs submitted by bidders for previous lease sales. BOEM will only accept an originally executed paper copy of the BFF. The BFF must be executed by an authorized representative listed on the bidder's legal qualifications. Each bidder is required to sign the self-certification in the BFF, in accordance with 18 U.S.C. 1001 (Fraud and False Statements).
- ii. *Bid Deposit*: Each bidder must provide a bid deposit of \$2,000,000 no later than April 25, 2022, to participate in the mock auction and the monetary auction. If a bidder would like to qualify to win two lease areas, the bidder must provide a bid deposit of \$4,000,000. BOEM will consider extensions to this deadline only if BOEM, in its sole discretion, determines that the failure to timely submit the bid deposit was caused by events beyond the bidder's control. Further information about bid deposits can be found in the "Bid Deposit" section of this notice.

b. Conducting the Auction

- i. *Mock Auction:*** BOEM will hold a Mock Auction on May 6, 2022, beginning at 9:00 a.m. EDT. The Mock Auction will be held online. BOEM will contact each bidder that has timely submitted a BFF and bid deposit and provide instructions for participation. Only bidders that have timely submitted BFFs and bid deposits may participate in the Mock Auction.
- ii. *Multiple-factor Auction:*** On May 11, 2022, BOEM, through its contractor, will start the auction. The first round of the auction will start at 9:00 a.m. EDT. The auction will proceed electronically according to a schedule to be distributed by the BOEM Auction Manager at the beginning of the auction, subject to revisions that will be communicated to bidders during the auction. BOEM anticipates that the auction will last 1-business day, but it may continue for as many consecutive business days, as necessary, until the auction ends in accordance with the procedures described in the “Auction Procedures” section of this notice.
- iii. *Announce Provisional Winners:*** BOEM will announce the provisional winners of the lease sale after the auction ends.

c. From the Auction to Lease Execution

- i. *Refund Non-Winners:*** Once the provisional winners have been announced, BOEM will return the non-winners’ bid deposits.
- ii. *Department of Justice (DOJ) Review:*** DOJ will have 30 days in which to conduct an antitrust review of the auction, pursuant to 43 U.S.C 1337(c).

- iii. *Delivery of the Lease:* BOEM will send three lease copies to each provisional winner, with instructions for executing the lease. The first year's rent is due 45-calendar days after the winners receive the lease copies for execution.
- iv. *Return the Lease:* Within 10-business days of receiving the lease copies, the auction winners must post financial assurance, pay any outstanding balance of their bonus bids (i.e., winning monetary bid minus applicable bid deposit), and sign and return the three executed lease copies. In the event of a delay, BOEM may extend the 10 business day time period for executing and returning the lease if we determine the delay to be caused by events beyond your control, pursuant to 30 CFR 585.224(e).
- v. *Execution of Lease:* Once BOEM has received the signed lease copies and verified that all other required materials have been received, BOEM will make a final determination regarding its issuance of the leases and will execute the leases, if appropriate.

IV. AREAS OFFERED FOR LEASING: In deciding whether to remove areas from leasing consideration, BOEM's charge is to balance all the factors in 43 U.S.C. 1337(p)(4). No single factor or comment led to BOEM's designation of the final two sale areas; rather, BOEM altered the areas in certain locations where: (1) multiple factors weighed in favor of a change; (2) there was evidence supporting the application of those factors; and (3) the changes were supported by the comments. BOEM's designation of the two lease areas offered in the FSN were informed by its coordination with BOEM's intergovernmental task force members for multiple years, stakeholder engagement, and

consideration of the 60 comments that BOEM received in response to the PSN. BOEM is offering two lease areas totaling 110,091 acres for sale through this notice (Figure 1).

The size of the two lease areas have been reduced by approximately 14 percent from the size of the areas proposed in the PSN to address issues and concerns expressed in the comments submitted on the PSN and through consultation with Federal agencies.

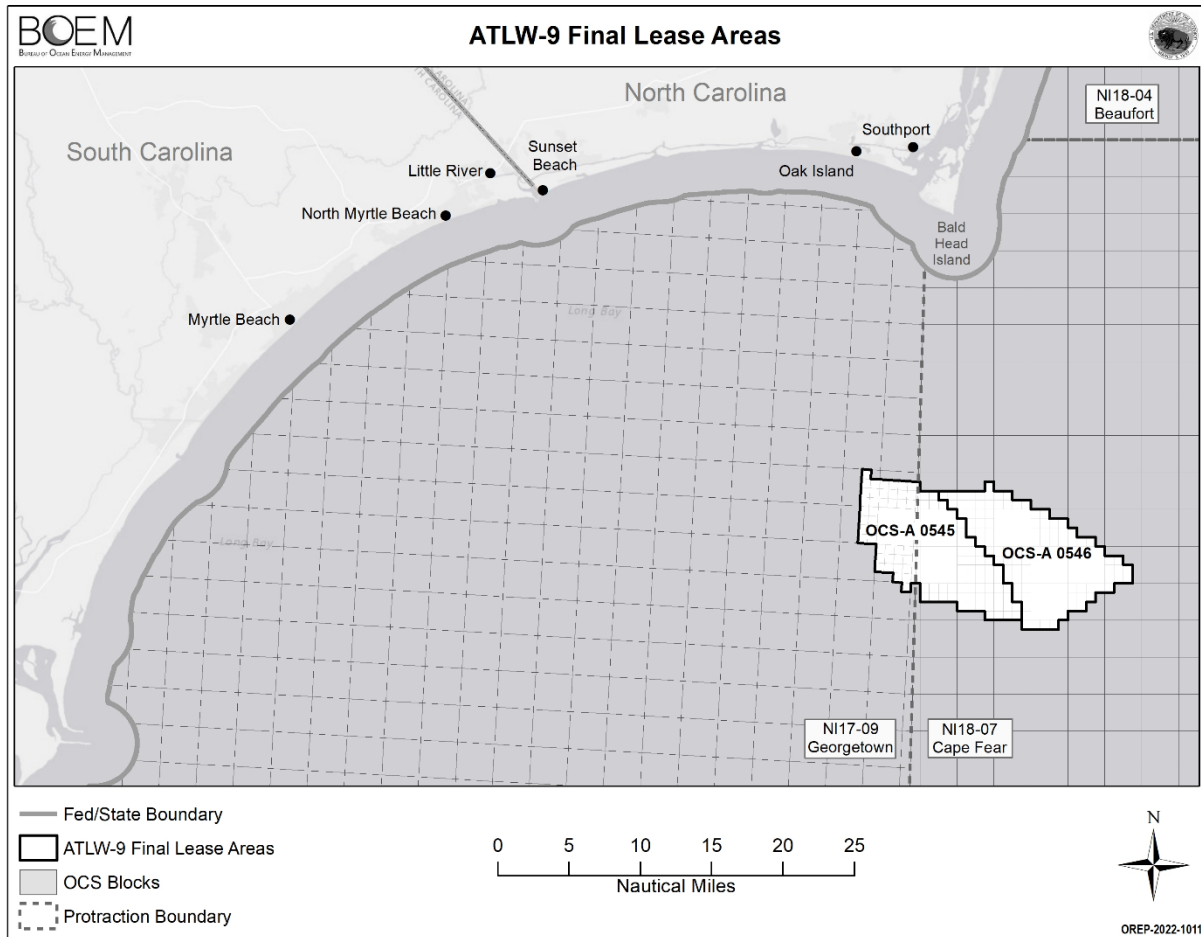
Approximately 17,774 acres were removed from Leases OCS-A 0545 and OCS-A 0546 in the FSN. BOEM decided to remove from leasing consideration all lease blocks within 20 statute miles of the shoreline, thereby eliminating 13,474 acres in the northern portion of the proposed lease area. In addition, 4,300 acres were removed from the southeast portion of the proposed lease area to eliminate overlap between the lease area and the navigational fairway proposed by the U.S. Coast Guard (USCG). Following these removals, BOEM divided the remaining lease area into two nearly equal lease areas. BOEM designated the two lease areas to ensure that each has a similar acreage, distance to shore, wind resource potential, and in response to comments received on the PSN.

The area available for sale will be auctioned as two leases:

Table 1 to Section IV - ATLW-9 Final Lease Areas

Lease	Total Acres
OCS-A 0545	54,937
OCS-A 0546	55,154

Figure 1 to Section IV - ATLW-9 Final Lease Areas



V. ENVIRONMENTAL REVIEW: On December 13, 2012, BOEM published a notice of intent to prepare an environmental assessment (EA) to consider potential environmental consequences of site characterization activities (e.g., biological, archeological,

geological, and geophysical surveys and core samples) and site assessment activities (e.g., installation of meteorological towers or buoys) expected to be conducted after lease issuance. The EA also considered surveys along project easements associated with the potential leases and grants for subsea cable corridors. As part of the EA process, BOEM sought comments on the issues and alternatives that should inform the EA and received approximately 47 comments, which can be found at <http://www.regulations.gov> under Docket No. BOEM-2012-0090. A notice of availability of the EA was published on January 23, 2015, to initiate a 30-day public comment period (80 FR 3621) and comments received can be found at <http://www.regulations.gov> under Docket No. BOEM-2015-0001. The EA was subsequently revised based on comments received during the comment period and public information meetings. The revised EA and the finding of no significant impact were published on September 17, 2015 and are available at: <https://www.boem.gov/sites/default/files/renewable-energy-program/State-Activities/NC/NC-EA-Camera-FONSI.pdf>. Concurrently with its preparation of the EA, BOEM conducted consultations under the Endangered Species Act (ESA), the Magnuson-Stevens Fishery Conservation and Management Act, and the Coastal Zone Management Act. BOEM prepared and executed a programmatic agreement (PA) to guide its consultations under Section 106 of the National Historic Preservation Act. The PA provides for consultations to continue through BOEM's decision-making process regarding the issuance of leases on the OCS. Also included in the PA is BOEM's phased identification and evaluation of historic properties. On August 13, 2021, BOEM announced its intent to prepare a Supplemental EA (SEA) to the 2015 *Commercial Wind Lease Issuance and Site Assessment Activities on the Atlantic Outer Continental Shelf*

Offshore North Carolina - Revised Environmental Assessment. This announcement opened a 30-day comment period that closed on September 13, 2021. The SEA evaluated current science, studies, circumstances, and other information relevant to reasonably foreseeable environmental impacts from site characterization activities and site assessment activities associated with issuing wind energy leases in the Wilmington East WEA. Some of this new information includes a recent marine cultural resources survey, changes in the status of some ESA-listed species, the listing of new endangered species, and the designation of the North Atlantic right whale critical habitat. On December 8, 2021, BOEM announced the availability of the Draft SEA. This announcement opened a 30-day comment period that closed on January 7, 2022. BOEM received 11 comments on the Draft SEA, which can be found at <http://www.regulations.gov> under Docket No. BOEM-2021-0090. The SEA was subsequently revised based on comments received during the comment period and public information meetings. The availability of the Final SEA and Finding of No Significant Impact was announced on March 21, 2022. BOEM determined that the Proposed Action would not cause any significant impacts and that implementing the Proposed Action does not constitute a major Federal action significantly affecting the quality of the human environment within the meaning of section 102(2)(c) of the National Environmental Policy Act of 1969. BOEM will conduct additional environmental reviews upon receipt of a lessee's proposed project-specific plans, such as a Site Assessment Plan (SAP) or Construction and Operations Plan (COP).

- VI. **NEW AND MODIFIED LEASE STIPULATIONS:** Based on feedback provided, BOEM is adding lease stipulations that were discussed conceptually in the PSN. BOEM is also refining some stipulations identified in the PSN and previous lease packages.

- a. **Reporting requirements:** In an effort to require early and regular engagement with Tribal Nations, ocean users, underserved communities, agencies and other stakeholders that may be potentially affected by activities on the OCS (collectively “Tribal Nations and parties”), BOEM is building upon an existing lease stipulation to require a semi-annual progress report. Within the progress report, Lessees will identify Tribal Nations and parties potentially affected by proposed activities and provide updates on engagement activities, impacts on or benefits to the Tribal Nations and parties due to the proposed activities, and how, if at all, a project proposal has been informed or altered to address those impacts or benefits, as well as any planned engagement activities during the next reporting period. In acknowledgment of the existing and growing consultation burden placed on many of the Tribal Nations and parties, the stipulation also requires, to the maximum extent practicable, that Lessees coordinate with one another on engagement activities. It is BOEM’s intention that this requirement to coordinate engagement apply not only to meetings proposed by Lessees, but also to reasonable requests to coordinate engagement made by Tribal Nations and parties. In addition, the stipulation requires that the progress report incorporate separate lease requirements for the development of communication plans for fisheries (Fisheries Communication Plan (FCP)), Tribal Nations (Native American Tribes Communication Plan), and agencies (Agency Communication Plan), which serve to guide engagement activities with those groups. Lastly, the progress report must also include an update on activities executed under any survey plan.

- b. **Transmission Planning:** BOEM is continuing a planned approach to siting submarine electrical transmission cables on the OCS and is evaluating options, including the use of cable corridors, regional transmission systems, meshed systems, and other mechanisms. Therefore, BOEM may condition COP approval on the incorporation of such methods where appropriate. BOEM encourages those who obtain a lease(s) from this sale to engage in early coordination with adjacent lessees, states, Tribal Nations, and other ocean users to identify ways to minimize impacts from transmission. In addition, BOEM has modified the lease stipulations concerning lessee communication with Tribal Nations and parties to explicitly require the lessee to seek input and discussion surrounding transmission easements prior to proposing such easements.
- c. **Birds and Bats:** As a result of BOEM's ESA consultation efforts, the U.S. Fish and Wildlife Service issued a letter on October 15, 2021, recommending the installation of automated Motus telemetry tracking stations on meteorological buoys to help address information gaps on offshore movements of birds and bats, including ESA-listed species. Therefore, BOEM is including a stipulation requiring the use of such tracking stations.
- d. **Project Labor Agreements and Supply Chain:** BOEM is committed to a clean energy future, workforce development and safety, and the establishment of a durable domestic supply chain that can sustain the U.S. offshore wind energy industry. To advance this vision, BOEM has included two lease stipulations that will encourage construction efficiency for projects and contribute towards establishing a domestic supply chain:

- i. The first stipulation requires lessees to make every reasonable effort to enter a project labor agreement covering the construction stage of any project proposed for the lease areas. The PLA provisions for the construction of an offshore wind project will apply to all contractors.
 - ii. The second stipulation requires lessees to establish a statement of goals in which the lessee will describe its plans for contributing to the creation of a robust and resilient U.S.-based offshore wind industry supply chain. The lessee must provide regular progress updates on the achievement of those goals to BOEM, and BOEM will make those updates publicly available.
- e. **Surface Structure Layout and Orientation:** In the PSN, BOEM solicited comments on proposed transit corridors. The USCG has informed BOEM that the term “transit corridor” is not defined or recognized in law, regulation, or international convention. As such, the use of the term will likely add confusion. BOEM will not use the term in this sale or future lease sales or other actions. The final lease area delineations do not include a buffer of non-leased area between the two lease boundaries. However, where each lease abuts the neighboring lease area, each lessee must endeavor to implement a layout of surface structures that facilitates activities on the lease and allows for a structure layout that contains two common lines of orientation across the adjacent leases (as described in Navigation and Vessel Inspection Circular 01-19). Where such a design cannot be agreed upon among adjacent lessees, each lessee will be required to incorporate a 1-nmi setback from the boundary of the neighboring lease where no surface structures will be permitted.

f. **Endangered Species Act Programmatic Consultation**

BOEM has completed a programmatic informal consultation with the National Marine Fisheries Service (NMFS) under section 7 of the ESA. Federal partners that were co-action agencies on the programmatic informal consultation include the Bureau of Safety and Environmental Enforcement, U.S. Army Corp of Engineers, and the U.S. Environmental Protection Agency. On June 29, 2021, NMFS issued a Letter of Concurrence under the ESA (<https://www.boem.gov/renewable-energy/final-nlaa-osw-programmatic>) that covers site characterization (high resolution geophysical (HRG) and geotechnical avian, and marine mammal surveys) and site assessment and data collection (deployment, operation, and retrieval of meteorological and oceanographic data buoys) activities associated with Atlantic OCS leases. As a result of this consultation, project design criteria (PDCs) and best management practices (BMPs) associated with the mitigation, monitoring, and reporting conditions have been developed for those data collection activities covered in the consultation. The PDCs and BMPs pertain to mitigation, monitoring, and reporting conditions for reducing noise exposure to protected species from HRG surveys, avoiding vessel interactions with protected species, and requiring mooring design and marine debris practices to avoid entanglement of listed species. BOEM requires mitigation, monitoring, and reporting conditions for all marine mammals. As applicable, these PDCs and BMPs will be lease requirements for the lease areas and are found in the document *Project Design Criteria and Best Management*

Practices for Data Collection Associated with Atlantic Offshore Wind Leases

located at: <https://www.boem.gov/renewable-energy/nmfs-esa-consultations>.

VII. POTENTIAL FUTURE RESTRICTIONS: Prospective bidders should be aware of potential conflicts with existing uses of the OCS by the Department of Defense (DOD) and USCG, among others. BOEM coordinates with the DOD and USCG throughout our leasing process. A February 2021 letter from the DOD summarizes our most recent consultations and is available at: <https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>. Once BOEM receives a SAP or COP, we will further review the proposed project's potential impacts on other ocean uses as part of BOEM's environmental and project review process. This analysis could result in the identification of potential mitigation measures and/or terms and conditions as part of any potential project approval.

VIII. LEASE TERMS AND CONDITIONS: BOEM has included terms, conditions, and stipulations for the OCS commercial wind leases to be offered through this sale. After the leases are issued, BOEM reserves the right to require compliance with additional terms and conditions associated with approval of a SAP or COP. The leases are available on BOEM's website at: <https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>. The leases include the following five attachments:

- Addendum "A" (Description of Leased Area and Lease Activities);
- Addendum "B" (Lease Term and Financial Schedule);
- Addendum "C" (Lease Specific Terms, Conditions, and Stipulations);
- Addendum "D" (Project Easement); and
- Addendum "E" (Rent Schedule).

Addenda “A,” “B,” and “C” provide detailed descriptions of lease terms and conditions. Addenda “D” and “E” will be completed at the time of COP approval or approval with modifications.

The most recent version of BOEM’s renewable energy commercial lease form (BOEM-0008) is available on BOEM’s website at: <http://www.boem.gov/BOEM-OCS-Operation-Forms/>.

Pursuant to 30 CFR 585.601, a leaseholder wishing to submit a SAP must do so within 12 months of lease issuance. If the lessee intends to continue to hold the lease into its operations term, the lessee must submit a COP at least 6 months before the end of the site assessment term.

IX. FINANCIAL TERMS AND CONDITIONS: This section provides an overview of the annual payments required of the lessee that will be fully described in the lease, and the financial assurance requirements that will be associated with the lease.

- a. **Rent:** Pursuant to 30 CFR 585.224(b) and 585.503, the first year’s rent payment of \$3 per acre is due within 45-calendar days of the date the lessee receives the lease for execution. Thereafter, annual rent payments are due on the anniversary of the effective date of the lease as defined in 30 CFR 585.237 (the “Lease Anniversary”). Once commercial operations under the lease begin, BOEM will charge rent only for the portions of the lease remaining undeveloped (i.e., non-operating acreage). The rent that would be due should no portion of each lease area be authorized for commercial operations is shown below.

Lease	Total Acres	Rent Due
OCS-A 0545	54,937	\$164,811 per year

OCS-A 0546	55,154	\$165,462 per year
<i>Total</i>	<i>110,091</i>	<i>\$330,273 per year</i>

If the lessee submits an application for relinquishment of a portion of its leased area within the first 45-calendar days following the date that the lease is received by the lessee for execution, and BOEM approves that application, no rent payment will be due on the relinquished portion of the lease area. Later relinquishments of any portion of the lease area will reduce the lessee's rent payments starting in the lease year following BOEM's approval of the relinquishment. A lease issued under this part confers on the lessee the right to one or more project easements 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. A lessee must apply for the project easement as part of your COP or GAP, as provided under subpart F of 30 C.F.R. part 585. The lessee must also pay rent for any project easement associated with the lease, commencing on the date that BOEM approves the COP (or modification thereof) that describes the project easement and when the operations term begins as outlined in 30 CFR 585.500(a)(5) and 585.507(b). Annual rent for a project easement is \$5 per acre, subject to a minimum of \$450 per year.

- b. **Operating Fee:** For purposes of calculating the initial annual operating fee payment pursuant to 30 CFR 585.506, BOEM applies an operating fee rate to a

proxy for the wholesale market value of the electricity expected to be generated from the project during its first 12 months of operations. This initial payment will be prorated to reflect the period between the commencement of commercial operations and the Lease Anniversary. The initial annual operating fee payment is due within 45 days of the commencement of commercial operations.

Thereafter, subsequent annual operating fee payments are due on or before the Lease Anniversary.

The subsequent annual operating fee payments are calculated by multiplying the operating fee rate by the imputed wholesale market value of the projected annual electric power production. For the purposes of this calculation, the imputed market value would be the product of the project's annual nameplate capacity, the total number of hours in the year (8,760), the capacity factor, and the annual average price of electricity derived from a regional wholesale power price index. For example, the annual operating fee for a 1,028-megawatt (MW) wind facility operating at a 40 percent capacity (i.e., capacity factor of 0.4) with an annual average regional wholesale power price of \$40/megawatt hour (MWh) and an operating fee rate of 0.02 will be calculated as follows:

$$\text{Annual Operating Fee} = 1,028 \text{ MW} \times 8,760 \frac{\text{hrs}}{\text{year}} \times 0.4 \times \frac{\$40}{\text{MWh}} \text{ Power Price} \times 0.02 = \$2,881,689.60$$

- i. **Operating Fee Rate:** The operating fee rate is the share of imputed wholesale market value of the projected annual electric power production due to the Office of Natural Resources Revenue as an annual operating fee. For the Lease Areas, BOEM will set

the fee rate at 0.02 (i.e., 2 percent) for the entire life of commercial operations.

- ii. ***Nameplate Capacity:*** Nameplate capacity is the maximum rated electric output, expressed in MW, that the turbines of the wind facility under commercial operations can produce at their rated wind speed, as designated by the turbine's manufacturer. The nameplate capacity available at the start of each year of commercial operations on the lease will be the capacity provided in the Fabrication and Installation Report (FIR). For example, if the lessee installed 100 turbines as documented in its FIR, and each is rated by the manufacturer at 12 MW, the nameplate capacity of the wind facility is 1,200 MW.
- iii. ***Capacity Factor:*** The capacity factor relates to the amount of energy delivered to the grid during a period of time compared to the amount of energy the wind facility would have produced at full capacity during that same period of time. This factor is represented as a decimal between zero and one. There are several reasons why the amount of power delivered is less than the theoretical 100 percent of capacity. For a wind facility, the capacity factor is mostly determined by the availability of wind. Transmission line loss and downtime for maintenance or other purposes also affect the capacity factor.

The capacity factor for the year in which the commercial operation date occurs, and for the first 6 years of commercial operations on the lease, is set to 0.4 (i.e., 40 percent). At the end of the sixth year, the capacity factor may be adjusted to reflect the performance over the previous five years based upon the actual metered electricity generation at the delivery point to the electrical grid. Similar adjustments to the capacity factor may be made once every five years thereafter.

iv. ***Wholesale Power Price Index:*** Pursuant to 30 CFR 585.506(c)(2)(i), the wholesale power price, expressed in dollars per MW-hour, is determined at the time each annual operating fee payment is due. For the leases offered in this sale, BOEM will use the index for VACAR average price per MW from the Enerfax power prices dataset within Hitachi's ABB Velocity Suite or similar. VACAR is a subregion of the Southeastern Electric Reliability Council and comprises the Carolinas and parts of Virginia. The VACAR average price per megawatt represents prices from Duke, Progress Energy's Carolina Power and Light, Santee Cooper, South Carolina Electric and Gas, Southeastern Power Administration, and APGI Yadkin Division.

c. **Financial Assurance:** Within 10-business days after receiving the lease copies and pursuant to 30 CFR 585.515-.516, the provisional winners of the leases must provide an initial lease-specific bond or other approved means of meeting the

lessor's initial financial assurance requirements, in the amount of \$100,000. The provisional winners may meet financial assurance requirements by posting a surety bond or financial assurance instrument or alternative detailed in 30 C.F.R. §§ 585.526-529. BOEM encourages the provisionally winning bidder to discuss the financial assurance requirement with BOEM as soon as possible after the auction has concluded.

BOEM will base the amount of all SAP, COP, and decommissioning financial assurance on cost estimates for meeting all accrued lease obligations at the respective stages of development. BOEM will determine the required amount of supplemental and decommissioning financial assurance on a case-by-case basis.

- d. **Payments:** The annual lease payments and financial assurance requirements described above can be found in Addendum “B” of the leases, which BOEM has made available with this notice on its website at:

<https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>.

- X. **BFF:** Each bidder must fill out the BFF referenced in this FSN. BOEM has also made a copy of the form available with this notice on its website at:

<https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>.

BOEM recommends that each bidder designate an email address in its BFF that the bidder will then use to create an account in *pay.gov* (if it has not already done so).

Bidders who elect to qualify for the bidding credit will check the paragraph affirming their interest on their BFF and include a conceptual strategy at the time of the bid deposit.

Bidders committing to the bidding credit must meet the bidding credit requirements before submission of the FDR. Bidders who do not elect to qualify may indicate by a

check mark next to the paragraph declining the bidding credit. If a BFF does not indicate a selection, BOEM will assume no bidding credit is desired. BOEM will not consider BFFs submitted by bidders for previous lease sales as satisfying the requirements of this auction. If a bidder does not submit a BFF for this sale by April 11, 2022, BOEM, in its sole discretion, may grant an extension to that bidder only if BOEM determines the bidder's failure to timely submit a BFF was caused by events beyond the bidder's control. BOEM will only accept an original, executed paper copy of the BFF. The BFF must be executed by an authorized representative listed in the qualifications package on file with BOEM as authorized to bind the company.

- XI. **BID DEPOSIT:** A bid deposit is an advance cash payment submitted to BOEM to participate in the auction. After creating an account in *pay.gov* (if necessary), bidders may use the Bid Deposit Form on the *pay.gov* website to leave a deposit. Each bidder must submit a bid deposit of \$2,000,000 or \$4,000,000 to be eligible to bid for one or two lease areas, respectively, no later than April 25, 2022. Any bidder who fails to submit the bid deposit by this deadline may be disqualified from participating in the auction. Following the auction, bid deposits will be applied against bonus bids or other obligations owed to BOEM. If the bid deposit exceeds a bidder's total financial obligation, BOEM will refund the balance of the bid deposit to the bidder. Once BOEM has announced the provisional winner(s), BOEM will refund bid deposits to the other bidders. If BOEM offers a lease pursuant to a provisionally winning bidder and that bidder fails to timely return the signed lease form, establish financial assurance, or pay the balance of its bid, BOEM will retain the bidder's \$2,000,000 (or \$4,000,000) bid deposit. In such a circumstance, BOEM may determine which bid would have won in the absence of the bid

previously determined to be the winning bid and to offer a lease pursuant to this next highest bid if it has not won one the other Lease Area.

XII. MINIMUM BID: The minimum bid is the lowest bid that BOEM will accept as a winning bid, and it is where BOEM will start the bidding in the auction. 30 CFR 585.221. BOEM has established a minimum bid of \$50.00 per acre for this lease sale.

XIII. AUCTION PROCEDURES: As authorized under 30 CFR 585.220(a)(4) and 585.221(a)(6), BOEM will use a multiple-factor auction format, with a multiple-factor bidding system for this lease sale. The bidding system for this lease sale will be a multiple-factor combination of a monetary bid and a non-monetary factor. This auction format was selected to enhance, through training, the offshore wind workforce or stand-up the domestic supply chain for offshore wind manufacturing, assembly, or services, and is designed to lead to expeditious and orderly development of offshore wind resources on the OCS. BOEM will appoint a panel to review the non-monetary component after the BFFs and bid deposits have been received but before the auction, and the panel will verify the results of the lease sale. Following review of the strategy to 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, BOEM will notify bidders if they qualify for the credit prior to the mock auction. BOEM reserves the right to change the composition of this panel at any time. The bid made by a particular bidder in each round will represent the sum of a monetary (cash) amount and a non-monetary factor (bidding credit). The structure of this bidding credit is explained in the subsection below. BOEM will start the auction using the minimum bid price for each Lease Area

and will increase those prices incrementally until no more than one active bidder per Lease Area remains in the auction.

20 Percent Non-Monetary (Bidding) Credit for Workforce Training or Supply Chain

Development

The bidding credit allows a bidder to receive a credit of 20 percent of its cash bid in exchange for committing to make a qualifying monetary contribution (“Contribution”) to programs or initiatives, as described in the BFF Addendum and lease, that 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. To qualify for the credit, the winning bidder is required to financially contribute at least 80 percent of the bidding credit value toward a workforce training program or the development of a domestic supply chain, as described in the BFF Addendum and lease. For example, a winning bidder qualified for the bidding credit and meeting the asking price of \$31.32 million would receive a credit of \$5.22 million toward its winning bid in exchange for a \$4.176 million (80 percent of \$5.22 million) commitment to workforce training or development of the domestic supply chain. The bidding credit would be calculated as follows:

$$\text{Cash Bid} = \left\{ \frac{\$31.32 \text{ million}}{1 + 0.20} \right\} = \$26.1 \text{ million}$$

$$\text{Credit} = \$31.32 - \$26.1 = \$5.22 \text{ million}$$

$$\text{Commitment} = 0.80 * \$5.22 \text{ million} = \$4.176 \text{ million}$$

- i. If a bidder qualified for the bidding credit wins both lease areas, this calculation would be applied to its bid for both lease areas.

- ii. The Contribution to workforce training must result in a better trained and/or larger domestic offshore wind work force that would provide for more efficient operations via increasing the supply of fully trained personnel, pursuant to congressional policy under 43 U.S.C. 1332(6), which states that operations on the OCS should be conducted in a safe manner by well-trained personnel.
- iii. The Contribution to domestic supply chain development must result in a more robust domestic supply chain by reducing the upfront capital or certification cost for manufacturing offshore wind components including the building of facilities, the purchasing of capital equipment, and the certifying of existing manufacturing facilities in the United States, which would facilitate congressional policy set forth in 43 U.S.C. 1332(3) to promote expeditious and orderly development on the OCS.
- iv. Bidders interested in pursuing bidding credits can choose to commit to workforce training programs, domestic supply chain initiatives, or a combination of both. Bidders must note, on the BFF, whether they are making the commitment to earn the bidding credit. Bidders seeking to utilize the bidding credit must submit their strategy, further described below and in the BFF Addendum, prior to the deadline for the submission of the bid deposit. Bidders are strongly encouraged to review the BFF Addendum if they are considering qualifying for the bidding credit. The strategy must describe the verifiable actions to be taken by the lessee that would allow BOEM to confirm compliance when your documentation for satisfying the bidding credit is submitted. Payment fulfilling the commitment can be deferred until submission of the facility design report (FDR) to BOEM. Lessees must provide documentation showing that the lessee has met the commitment and complied with the applicable

- bidding credit requirements no later than the submission to BOEM of the first Facility Design Report (FDR) for the Lease. Deferring the payment until the FDR will enable the lessee to identify programs or recipients with the greatest potential to expedite or facilitate orderly OCS renewable energy development.
- v. Contributions to workforce training must be to one of the following: (i) Contributions in support of union apprenticeships, labor management training partnerships, stipends for workforce training, or other technical training programs or institutions focused on providing skills necessary for the planning, design, construction, operation, maintenance, or decommissioning of offshore wind energy projects in the United States; (ii) Contributions toward maritime training necessary for the crewing of vessels to be used for the construction, servicing, and/or decommissioning of wind energy projects in the United States; (iii) Contributions toward training workers in skills or techniques necessary to manufacture or assemble offshore wind components, subcomponents or subassemblies. Examples of these skills and techniques include welding; wind energy technology; hydraulic maintenance; braking systems; mechanical systems, including blade inspection and maintenance; or computers and programmable logic control systems; (iv) Contributions toward training in any other job skills that the Lessee can demonstrate are necessary for the planning, design, construction, operation, maintenance, or decommissioning of offshore wind energy projects in the United States.
 - vi. Contributions to domestic supply chain development must be one of the following: (i) Contributions supporting the development of a domestic supply chain for the offshore wind industry, including manufacturing of components and sub-assemblies and the

- expansion of related services; (ii) Contributions to domestic tier-2 and tier-3 offshore wind component suppliers and domestic tier-1 supply chain efforts, including quay-side fabrication; (iii) Contributions for technical assistance grants to help U.S. manufacturers re-tool or certify (e.g., ISO-9001) for offshore wind manufacturing; (iv) Contributions for the development of Jones Act-compliant vessels for the construction, servicing, and/or decommissioning of wind energy projects in the United States; (v) Contributions to establish a new or existing bonding support reserve or revolving fund available to all businesses providing goods and services to offshore wind energy companies, including disadvantaged businesses; (vi) Other Contributions to supply chain development efforts that the Lessee can demonstrate further the manufacture of offshore wind components or subassemblies, or the provision of offshore wind services, in the United States.
- vii. *Documentation:* If a lease is awarded pursuant to a winning bid that includes the bidding credit, the lessee will be required to provide documentation showing that the lessee has met the commitment and complied with the applicable bidding credit requirements no later than the submission to BOEM of the first Facility Design Report (FDR) for the Lease. The documentation must allow BOEM to objectively verify the amount of the Contribution and the beneficiary(ies) of the Contribution. At a minimum, this documentation must include: all written agreements between the Lessee and beneficiary(ies) of the Contribution; all receipts documenting the amount, date, financial institution, and the account and owner of account to which the Contribution was made; and sworn statements by the entity that made the Contribution and the beneficiary(ies) of the Contribution, attesting: the amount and

date(s) of the Contribution; that the Contribution is being (or will be) used in accordance with the bidding credit requirements in the Lease; and that all information provided is true and accurate. The documentation must describe how the funded initiative or program has advanced, or is expected to advance, U.S. offshore wind workforce training or supply chain development. The documentation must also provide qualitative and/or quantitative information that includes the estimated number of trainees or jobs supported, or the estimated leveraged supply chain investment resulting or expected to result from the Contribution. The documentation must contain any information called for in the conceptual strategy submitted with the bid deposit. If the Lessee's implementation strategy has changed due to market needs or other factors, the Lessee must explain this change. BOEM reserves all rights to determine that the bidding credit has not been satisfied if changes to the lessee's conceptual strategy do not meet the criteria for the bidding credit described herein.

- viii. *Enforcement:* The commitment for the bidding credit will be made in the BFF and will be included in a lease addendum that will bind the lessee and all future assignees of the lease. If BOEM determines that a Lessee or assignee has failed to satisfy the commitment at the FDR stage, or if a Lessee or assignee relinquishes or otherwise fails to develop the Lease by the tenth anniversary date of Lease issuance, the amount corresponding to the bidding credit awarded shall be immediately due and payable to the Office of Natural Resources Revenue with interest from the date of lease execution. The interest rate will be the underpayment interest rate identified by ONRR. BOEM may, at its sole discretion, extend the documentation deadline beyond the FDR or the 10-year timeframe.

The Auction: Using an online bidding system to host the auction, BOEM will start the bidding for Lease Area OCS-A 0545 and OCS-A 0546. Bidders may bid for one or both lease areas offered and could ultimately win one or both areas.

Lease Area	Acres	Minimum Bid
OCS-A 0545	54,937	\$2,746,850
OCS-A 0546	55,154	\$2,757,700

- a. **Live Bids:** The auction will be conducted in a series of rounds. At the start of each round, BOEM will state an asking price for each Lease Area. If a bidder is willing to meet the asking price for up to two of the Lease Areas (if eligible), it will indicate its intent by submitting a bid equal to the asking price for the selected lease area(s). A bid for one or both lease areas at the sum of the full asking price is referred to as a “live bid.” If the bidder has qualified for a non-monetary credit, it will meet the asking price by submitting a multiple-factor bid – that is, a live bid that consists of a monetary (cash) element and a non-monetary credit (20 percent of the cash element), the sum of which equals the asking price. Bidders without a non-monetary credit will submit a cash bid equal to the asking price. To participate in the next round of the auction, a bidder must have submitted a live bid for at least one of the Lease Areas in each previous round, or BOEM must have carried forward a bidder’s bid from a previous round. As long as there are two or more live bids (including bids carried forward) for at least one of the Lease Areas, the auction moves to the next round. If a bid is uncontested, it is automatically carried forward to the next round. BOEM will raise the asking price for each of the Lease Areas that has received two or more

live bids in the previous round. Asking price increments will be determined based on several factors, including (but not necessarily limited to) the expected time needed to conduct the auction and the number of rounds that have already occurred. BOEM reserves the right to increase or decrease bidding increments as it deems appropriate.

Each bidder is allowed to submit a live bid for up to two lease areas based on its “eligibility” at the opening of each round. A bidder’s eligibility is for either two, one, or zero lease areas, and corresponds to the maximum number of lease areas that a bidder may include in a live bid during a single round of the auction. A bidder’s initial eligibility is determined based on the amount of the bid deposit submitted by the bidder prior to the auction. To be eligible to offer a bid on one lease area at the start of the auction, a bidder must submit a bid deposit of \$2,000,000. To be eligible to offer a bid on two lease areas, a bidder must submit a bid deposit of \$4,000,000. A bidder’s bid deposit will be used by BOEM as a down payment on any monetary obligations incurred by the bidder should it be awarded a lease.

As the auction proceeds, a bidder’s eligibility is determined by the number of lease areas included in its live bid submitted in the round prior to the current round. That is, if a bidder submitted a live bid on one lease area in the previous round, that bidder may submit a bid that includes at most one lease area in the current round. If a bidder submitted a live bid that included two lease areas in the previous round, the bidder may submit a live bid that includes at most two lease areas in the current round. When a bidder chooses to submit a live bid with fewer

lease areas than the maximum number it is eligible to include in its bid, the bidder's eligibility is permanently reduced. Thus, eligibility in successive rounds may stay the same or go down, but it can never go up.

If a bidder decides to stop bidding when its bid is contested, that bidder could still win the auction, if, for example, the bidder is ultimately selected as the provisional winner in the winner determination that is described in detail below, or if someone else's winning bid is disqualified at the award stage of the auction. In these circumstances, the bidder will be bound by its bid and thus obligated to pay the full bid amount. A bidder is bound to each of its bids at all times prior to the finalization of the auction results.

Between rounds, BOEM will disclose to all bidders that submitted bids: (1) the number of live bids in the previous round of the auction (i.e., the level of demand at the asking price) for each Lease Area; and (2) the asking price for each Lease Area in the upcoming round of the auction.

- b. **Intra-round Bids:** A bidder is only eligible to continue bidding in the auction if it has submitted a live bid (or had a bid carried forward) in the previous round. In any round after the first round, an eligible bidder may submit an "intra-round" bid. An intra-round bid is similar to an "exit bid."

An intra-round bid consists of a single offer price for exactly the same lease areas on which the bidder placed a live bid in the previous round. The single offer price must be greater than the sum of the previous round's asking prices for the same lease areas bid on in the previous round and less than the sum of the current round's asking prices for the same lease areas. A bidder may not submit an intra-

round bid in the current round if its previous round bid was uncontested or if its eligibility had previously dropped to zero lease areas.

A bidder that has submitted a live bid for two leases in the previous round may choose to submit a single intra-round bid in the current round for the two lease areas. A bidder submitting an intra-round bid for two lease areas can either:

- (1) Choose to also submit a live bid for either one of the two lease areas.

Doing this sets the bidder's eligibility to one lease area and allows the bidder to continue to place a live bid for one lease area in the next round.

- (2) Choose not to submit a live bid for either of the two lease areas.

Doing this sets the bidder's eligibility to zero lease areas and precludes the possibility of this bidder submitting any bids in the next round or any further round of the auction.

A bidder that has submitted a live bid for one lease area in the previous round may choose to submit an intra-round bid in the current round (for that one lease area). Placing an intra-round bid that includes one lease area terminates the bidder's ability to submit subsequent bids.

For example, consider the case of a bidder who has bid on both lease areas in the previous rounds, and hence is eligible to continue bidding on both lease areas in the current round. Suppose that the asking prices for OCS-A 0545 and OCS-A 0546 were \$10,000,000 and \$11,000,000 in the previous round and are now \$10,000,000 and \$12,000,000 in the current round, respectively. OCS-A 0546 received competition in the previous round, resulting in its increased price, but

there was not competition for OCS-A 0545. Since the bidder placed a bid on both lease areas, with one of the lease areas having competition, the bidder may enter a single, intra-round bid for both areas that it bid on in the previous round. This single offer price must be more than \$21,000,000 and less than \$22,000,000. If the bidder wishes to continue to place bids in the auction, the bidder must also place a live bid for a single lease area in the same round. The bidder can satisfy this requirement by choosing to submit (along with its intra-round bid) a single live bid of \$10,000,000 for OCS-A 0545 or \$12,000,000 for OCS-A 0546. Alternatively, the bidder may choose not to submit any live bid, precluding the ability to place bids in future rounds.

If the bidder had only bid on one lease area in the previous round, it may be eligible to submit an intra-round bid during the current round. If its previous round's bid was for OCS-A 0546, the bidder could submit an intra-round bid for that area of more than \$11,000,000 and less than \$12,000,000, reducing its live bid eligibility to zero lease areas, and hence precluding bids in subsequent rounds. Alternatively, if the bidder's previous round's bid was on OCS-A 0545, it cannot submit an intra-round bid (or any other bid), because the previous round's bid was uncontested. In this case, since the bidder had no competition for OCS-A 0546, its sole bid of \$10,000,000 from the previous round is automatically recorded by BOEM as a submitted live bid of the same amount for that lease area in the current round.

Bidders are cautioned that dropping immediately from bidding on two lease areas to bidding on zero lease areas, without placing any live bid on one lease area, as

in bidding option (2) (above), has implications for the winner determination described below. Such bidding behavior would signify that the bidder wishes only to win both lease areas or neither lease area. As such, dropping immediately from two to zero can lead to potentially counterintuitive results in which the bidder wins nothing in the auction.

Intra-round bids are not considered to be live bids for the purpose of determining whether to conclude the auction, for determining whether to increase the asking price for a particular lease area, or for disclosing the demand for a lease area.

During the auction, an intra-round bid can only be seen by BOEM, and not by other bidders.

After the bidding ends, BOEM will determine the provisionally winning bids in accordance with the process described in this section. This process consists of two stages: Stage 1 and Stage 2, which are described herein. Once the auction itself ends, nothing further is required of bidders within or between Stages 1 and 2. In practice, the two stages of the process will be implemented by the auction software, which will analyze the bids, determine the provisional winners, and calculate the applicable prices. The winner determination will be reviewed, checked and validated by the panel.

- Stage 1

In Stage 1, a bidder with a live bid in the final round is provisionally assured of winning the lease area(s) included in its final-round live bid, regardless of any other bids. If both lease areas receive live bids in the final round, they are awarded to bidders in Stage 1, and the rest of this determination is not necessary.

Otherwise, BOEM will select the combination of final-round bids that maximizes the sum of the bid amounts of the selected bids, subject to the following constraints: (1) a bidder must win all lease areas included in its final-round live bid (if any); (2) either a bidder's live bid or intra-round bid, but not both, can be selected; and (3) the selected bids must be feasible, in that each lease area cannot be included in more than one of the selected bids. If there is a unique combination of bids that meets the maximization objective described in the previous sentence, then these are deemed to be the Qualified Bids. If two or more combinations of bids tie by producing the same maximized sum of bid amounts, the tie is broken by: first, bringing each of these combinations forward into the Stage 2 problem (below) and selecting the combination that produces the largest value in the Stage 2 problem; and second, if two or more of these combinations tie in producing the largest value, the auction system will select one of the combinations by generating pseudorandom numbers. If any of the lease areas is not assigned in Stage 1, BOEM will proceed to Stage 2 to attempt to assign the remaining lease areas.

- Stage 2

In Stage 2, BOEM will consider bids from all bidding rounds to determine if the lease area(s) not awarded in Stage 1 can be awarded in Stage 2. The combination of bids selected in Stage 1 are Qualified Bids. BOEM will select the combination of bids from all bidding rounds that maximizes the sum of the bid amounts of the selected bids, subject to the following constraints: (1) a bidder must win all lease areas included in its Qualified Bid (if any); (2) either a bidder's live bid or intra-

round bid from a single bidding round, but not both, can be selected; and (3) the selected bids must be feasible, in that each lease area cannot be included in more than one of the selected bids. If there is a unique combination of bids that solves the maximization problem, then these are deemed to be the provisionally-winning bids. If two or more combinations of bids tie by producing the same maximized sum of bid amounts, the auction system will select one of the combinations by generating pseudorandom numbers. The provisional winners will pay the amounts of their provisionally winning bids.

- c. **Provisional Winners:** BOEM's panel will review the auction results and certify the provisional winners. A provisional winner may be disqualified if it is subsequently found to have violated auction rules or BOEM regulations, or otherwise engaged in conduct detrimental to the integrity of the competitive auction. If a bidder submits a bid that BOEM determines to be a provisionally winning bid, the bidder will be expected to sign the applicable lease documents, establish financial assurance, and submit the balance (if any) of its bonus bid (i.e., winning monetary bid less the applicable non-monetary bidding credit (if appropriate) and bid deposit) within 10-business days of receiving the lease copies, pursuant to 30 CFR 585.224. BOEM reserves the right not to issue the lease to the provisionally winning bidder if that bidder does not timely sign the lease copies, does not establish all required financial assurance, does not pay the balance of its winning bid, or otherwise fails to comply with applicable regulations or the terms of the FSN. In that case, the bidder will forfeit its bid deposit.

BOEM will publish the provisionally winning bidder and bid amount. The bid results, including exit bids, will be published on BOEM's website after review of the results and announcement of the provisional winner(s).

- d. **Authorized Individuals and Bidder Authentication:** A company that is eligible to participate in the auction will identify on its BFF up to three individuals who are authorized to bid on behalf of the company, including their names, business telephone numbers, and email addresses. After BOEM has processed the bid deposits, the auction contractor will send several emails to the authorized individuals. The emails will contain user login information and instructions for accessing the bidder manual for the auction system and the auction system technical supplement (ASTS).

The auction system will require software tokens for two-factor authentication. To set up the tokens, authorized individuals must download an app onto their smartphone or tablet with a recent operating system. One of the emails sent to authorized individuals will contain instructions for installing the app and the credentials needed to activate the software token. A short telephone conversation with the auction contractor may also be needed to use the credentials. The login information, along with the tokens, will be tested during the mock auction. If an eligible bidder fails to submit a bid deposit or does not participate in the auction, BOEM will de-activate that bidder's tokens and login information.

- e. **Timing of Auction:** The auction will begin at 9:00 a.m. EDT on May 11, 2022. Bidders may log in as early as 8:30 a.m. EDT on that day. BOEM recommends that bidders log in earlier than 9:00 a.m. EDT on that day to ensure that any login

issues are resolved prior to the start of the auction. Once bidders have logged in, they should review the auction schedule, which lists the anticipated start times, end times, and recess times of each round in the auction. Each round is structured as follows:

- Round bidding begins;
- Bidders enter their bids;
- Round bidding ends and the recess begins;
- During the recess, previous round results and next round asking prices are posted;
- Bidders review the previous round results and prepare their next round bids; and
- Next round bidding begins.

The first round will last about 30 minutes, though subsequent rounds will be shorter. Recesses are anticipated to last approximately 10 minutes. This description of the auction schedule is tentative. Bidders should consult the auction schedule on the auction system during the auction for updated times.

Bidding will continue until about 6:00 p.m. EDT each day. BOEM anticipates that the auction will last 1- to 2-business days, but may continue for additional business days as necessary until the auction has concluded.

- f. **Messaging Service:** BOEM and the auction contractors will use the auction platform messaging service to keep bidders informed on issues of interest during the auction. For example, BOEM may change the schedule at any time, including during the auction. If BOEM changes the schedule during an auction, it will use

the messaging feature to notify bidders that a revision has been made and will direct bidders to the relevant page. BOEM will also use the messaging system for other updates during the auction.

Bidders may place bids at any time during the round. At the top of the bidding page, a countdown clock shows how much time remains in the round. Bidders have until the end of the round to place bids. Bidders should place bids according to the procedures described in this notice and the ASTS. Information about the round results will only be made available after the round has closed, so there is no strategic advantage to placing bids early or late in the round.

The ASTS will elaborate on the auction procedures described in this FSN. In the event of an inconsistency between the ASTS and the FSN, the FSN is controlling.

- g. **Alternate Bidding Procedures:** Redundancy is the most effective way to mitigate technical and human issues during an auction. Bidders should strongly consider authorizing more than one individual to bid in the auction—and confirming during the mock auction that each individual is able to access the auction system. A 4G card or other form of wireless access is helpful in case a company's main internet connection should fail. As a last resort, an authorized individual facing technical issues may request to submit its bid by telephone. In order to be authorized to place a telephone bid, an authorized individual must call the help desk number listed in the auction manual *before* the end of the round. BOEM will authenticate the caller's identity, including requiring the caller to provide a code from the software token. The caller must also explain the reasons why a telephone bid must be submitted. BOEM may, in its sole discretion, permit

or refuse to accept a request for the placement of a bid using this alternate telephonic bidding procedure.

- h. **Prohibition on Communications Between Bidders During Auction:** During the auction, bidders are prohibited from communicating with each other regarding their participation in the auction. Also, during the auction, bidders are prohibited from communicating to the public regarding any aspect of their participation or lack thereof in the auction, including, but not limited to, through social media, updated websites, or press releases.

XIV. **POST-AUCTION PROCEDURES**

- a. **Rejection or Non-Acceptance of Bids:** BOEM reserves the right and authority to reject all bids that do not satisfy the requirements and rules of the auction, the FSN, or applicable regulations and statutes.
 - i. **Anti-Competitive Review:** Bidding behavior in this sale is subject to Federal antitrust laws. Accordingly, following the auction, but before the acceptance of bids and the issuance of leases, BOEM will “allow the Attorney General, in consultation with the Federal Trade Commission, 30 days to review the results of the lease sale.” 43 U.S.C. 1337(c). If a provisionally winning bidder is found to have engaged in anti-competitive behavior in connection with its participation in the competitive bidding process, BOEM may reject its provisionally winning bid. Compliance with BOEM’s auction procedures and regulations is not an absolute defense to violations of antitrust laws.

Anti-competitive behavior determinations are fact-specific. Such behavior may manifest itself in several different ways, including, but not limited to:

1. An express or tacit agreement among bidders not to bid in an auction or to bid a particular price;
2. An agreement among bidders not to bid or not to bid on one of the Lease Areas;
3. An agreement among bidders not to bid against each other; or
4. Other agreements among bidders that have the potential to affect the final auction price.

Pursuant to 43 U.S.C. 1337(c), BOEM will decline to award a lease if the Attorney General, in consultation with the Federal Trade Commission, determines that awarding the lease would be inconsistent with the antitrust laws.

For more information on whether specific communications or agreements could constitute a violation of Federal antitrust law, please see <https://www.justice.gov/atr/business-resources> or consult legal counsel.

- b. **Process for Issuing the Lease:** Once all post-auction reviews have been completed to BOEM's satisfaction, BOEM will issue three unsigned copies of the lease to each provisionally winning bidder. Within 10-business days after receiving the lease copies, the provisionally winning bidders must:
 1. Sign and return the lease copies on the bidder's behalf;
 2. File financial assurance, as required under 30 CFR 585.515-.537; and

3. Pay by electronic funds transfer (EFT) the balance (if any) of the bonus bid (winning bid less the bid deposit). BOEM requires bidders to use EFT procedures (not *pay.gov*, the website bidders used to submit bid deposits) for payment of the balance of the bonus bid, following the detailed instructions contained in the “Instructions for Making Electronic Payments” available on BOEM’s website at: <https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>.

BOEM will not execute a lease until the three requirements above have been satisfied, BOEM has accepted the provisionally winning bidder’s financial assurance pursuant to 30 CFR 585.515, and BOEM has processed the provisionally winning bidder’s payment.

BOEM may extend the 10-business day deadline for signing a lease, filing the required financial assurance, and paying the balance of the bonus bid if BOEM determines the delay was caused by events beyond the provisionally winning bidder’s control pursuant to 30 CFR 585.224(e).

If a provisionally winning bidder does not meet these requirements or otherwise fails to comply with applicable regulations or the terms of the FSN, BOEM reserves the right not to issue the lease to that bidder. In such a case, the provisionally winning bidder will forfeit its bid deposit. Also, in such a case, BOEM reserves the right to identify the next highest bid for that lease area submitted during the lease sale by a bidder who has not won one of the other Lease Areas and to offer the lease to that bidder pursuant to its bid.

Within 45-calendar days of the date that a provisionally winning bidder receives copies of the lease, it must pay the first year's rent using the *pay.gov* and

Renewable Energy Initial Rental Payment form available at:

<https://www.pay.gov/public/form/start//27797604/>.

Subsequent annual rent payments must be made following the detailed instructions contained in the "Instructions for Making Electronic Payments," available on BOEM's website at: <https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>.

- c. **Non-Procurement Debarment and Suspension Regulations:** Pursuant to regulations at 43 CFR part 42, subpart C, an OCS renewable energy lessee must comply with the Department of the Interior's non-procurement debarment and suspension regulations at 2 CFR parts 180 and 1400. The lessee must also communicate this requirement to persons with whom the lessee does business relating to this lease by including this requirement as a condition in their contracts and other transactions.
- d. **Force Majeure:** The Program Manager of BOEM's Office of Renewable Energy Programs has the discretion to change any auction details specified in the FSN, including the date and time, in case of a *force majeure* event that the Program Manager deems may interfere with a fair and proper lease sale process. Such events may include, but are not limited to: natural disasters (e.g., earthquakes, hurricanes, floods, blizzards), wars, riots, acts of terrorism, fire, strikes, civil disorder, pandemics or other events of a similar nature. In case of such events,

BOEM will notify all qualified bidders via email, phone, or through the BOEM website at: <http://www.boem.gov/Renewable-Energy-Program/index.aspx>.

Bidders should call 703-787-1121 if they have concerns.

- e. **Withdrawal of Blocks:** BOEM reserves the right to withdraw all or portions of the Lease Areas prior to executing the leases with the winning bidders.
- f. **Appeals:** The appeals procedures are provided in BOEM's regulations at 30 CFR 585.225 and 585.118(c). Pursuant to 30 CFR 585.225:
 - (a) If BOEM rejects your bid, BOEM will provide a written statement of the reasons and refund any money deposited with your bid, without interest.
 - (b) You will then be able to ask the BOEM Director for reconsideration, in writing, within 15-business days of bid rejection, under 30 CFR 585.118(c)(1). We will send you a written response either affirming or reversing the rejection.

The procedures for appealing final decisions with respect to lease sales are described in 30 CFR 585.118(c).

- XV. **Protection of Privileged or Confidential Information:** BOEM will protect privileged and confidential information that you submit, as required by the Freedom of Information Act (FOIA). 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 confidential information.

Amanda Lefton
Director, Bureau of Ocean Energy Management

Date

Billing Code: 4310-MR

DEPARTMENT OF THE INTERIOR

Bureau of Ocean Energy Management

[Docket No. BOEM-2022-0015]

Atlantic Wind Lease Sale 9 (ATLW-9) for Commercial Leasing for Wind Power on the Outer Continental Shelf (OCS) in the Carolina Long Bay Area (CLBA) - Final Sale Notice (FSN)

AGENCY: Bureau of Ocean Energy Management, Interior.

ACTION: Final sale notice

SUMMARY: This FSN contains information pertaining to the areas available for commercial wind energy leasing on the OCS in the Carolina Long Bay Area. Specifically, this FSN details certain provisions and conditions of the leases, auction details, the lease form, criteria for evaluating competing bids, award procedures, appeal procedures, and lease execution. The Bureau of Ocean Energy Management (BOEM) will offer two leases: Lease OCS-A 0545 and Lease OCS-A 0546. The issuance of any lease resulting from this sale would not constitute an approval of project-specific plans to develop offshore wind energy. Such plans, if submitted by

the lessee, would be subject to subsequent environmental, technical, and public reviews prior to a decision on whether the proposed development should be authorized.

DATES: BOEM will hold an online mock auction for potential bidders starting at 9:00 a.m. Eastern Daylight Time (EDT) on May 6, 2022. The monetary auction will be held online and will begin at 9:00 a.m. EDT on May 11, 2022. Additional details are provided in the section entitled "Deadlines and Milestones for Bidders."

FOR FURTHER INFORMATION CONTACT: Casey Reeves, BOEM Office of Renewable Energy Programs, 45600 Woodland Road, VAM-OREP, Sterling, Virginia 20166, ((703)787-1671 or casey.reeves@boem.gov.

SUPPLEMENTARY INFORMATION:

AUTHORITY: 43 U.S.C. 1337(p); 30 CFR 585.211 and 585.216.

XVI. **BACKGROUND:** The Outer Continental Shelf Lands Act authorizes BOEM to offer renewable energy leases for sale on the OCS competitively, unless BOEM determines there is no competitive interest. On December 13, 2012, BOEM published a *Call for Information and Nominations* (or “Call”) in the Federal Register (under Docket ID: BOEM-2012-0088) for a 45-day public comment period to gauge the offshore wind industry's interest in acquiring commercial wind leases in three areas offshore North Carolina and to request comments regarding site conditions, resources and other uses within the Call areas. On February 5, 2013, BOEM reopened the comment period for the Call to allow for additional public input (Docket ID: BOEM-2012-0088); the comment period closed on March 7, 2013. BOEM then published a Proposed Sale Notice (PSN) in the Federal Register on November 1, 2021, which initiated a 60-day comment period ending on January 3, 2022. Any prospective bidders wishing to participate in a Carolina Long Bay lease sale were requested to submit qualification materials postmarked no later than January 3, 2022. BOEM also hosted an auction seminar for prospective bidders on November 16, 2021, to discuss the proposed auction format. BOEM received 60 comment submissions in response to the PSN, which are available on regulations.gov (Docket ID: BOEM-2021-0078) at: <https://www.regulations.gov/document/BOEM-2021-0078-0001>.

In response to the comments received, BOEM made several changes to the description of the Wilmington East Lease Area that was published in the PSN. The primary change is a reorientation of lease area boundaries resulting in 110,091 acres being offered for sale, which is further explained in Section IV - Areas Offered for Leasing. In addition, several lease stipulations were developed, or refined, based on feedback solicited in the PSN, including provisions to advance engagement and coordination with federally recognized Tribal Nations, ocean users, other agencies, underserved communities, and other interested stakeholders; advance flexibility in transmission planning; advance the domestic supply chain; and promote the use of project labor agreements (PLAs).

XVII. LIST OF ELIGIBLE BIDDERS: BOEM has determined that the following 16 entities are legally, technically, and financially qualified to hold a commercial wind lease in the Wilmington East Lease Area pursuant to 30 CFR 585.106 and 107 and may participate in this lease sale as bidders subject to meeting the requirements outlined in this notice:

Company Name	Company No.
547 Energy LLC	15123
Arevia Power LLC	15129
Avangrid Renewables, LLC	15019
BP US Offshore Wind Energy LLC	15122
Invenergy Long Bay Offshore LLC	15137
Carolina Offshore Wind LLC	15135
Duke Energy Renewables Wind, LLC	15134
EDF Renewables Development, Inc.	15027
JERA Renewables NA, LLC	15131
Masdar Offshore Wind Americas LLC	15139
MRP Offshore Wind Farm LLC	15141
Orsted North America Inc.	15059
OW North America Ventures LLC	15133
RWE Offshore Wind Holdings, LLC	15061
Shell New Energies US LLC	15140
TotalEnergies Renewables USA, LLC	15136

- a. **Affiliated Entities:** On the Bidder's Financial Form (BFF) discussed below, eligible bidders must list any eligible bidders with whom they are affiliated.

Affiliated eligible bidders are not permitted to compete against each other in the lease sale and must decide by the start of the auction which eligible bidder (if any) will participate. If two or more affiliated bidders participate in the auction, BOEM may disqualify some or all such bidders from the auction.

BOEM considers two entities to be affiliated if they meet the definition of affiliate in 30 CFR 1206.20, as applicable, or if they are both direct, or indirect, subsidiaries of the same parent company.

XVIII. **DEADLINES AND MILESTONES FOR BIDDERS:** This section describes the major deadlines and milestones in the auction process from publication of this FSN to execution of the lease pursuant to this sale. These are organized into various stages: the FSN Waiting Period; Conducting the Auction; and From the Auction to Lease Execution.

- a. **FSN Waiting Period**

- i. *BFF*: Each bidder must submit a BFF to BOEM to participate in the auction. BOEM must receive each BFF no later than April 11, 2022. If a bidder does not submit a BFF by this deadline, BOEM, in its sole discretion, may grant an extension to that bidder only if BOEM determines the bidder's failure to timely submit a BFF was caused by events beyond the bidder's control. The BFF can be downloaded at: boem.gov/renewable-energy/state-activities/carolina-long-bay. Once BOEM has processed a BFF, the bidder may log into *pay.gov* and submit a bid deposit. For purposes of this auction, BOEM will not consider any BFFs submitted by bidders for previous lease sales. BOEM will only accept an originally executed paper copy of the BFF. The BFF must be executed by an authorized representative listed on the bidder's legal qualifications. Each bidder is required to sign the self-certification in the BFF, in accordance with 18 U.S.C. 1001 (Fraud and False Statements).
- ii. *Bid Deposit*: Each bidder must provide a bid deposit of \$2,000,000 no later than April 25, 2022, to participate in the mock auction and the monetary auction. If a bidder would like to qualify to win two lease areas, the bidder must provide a bid deposit of \$4,000,000. BOEM will consider extensions to this deadline only if BOEM, in its sole discretion, determines that the failure to timely submit the bid deposit was caused by events beyond the bidder's control. Further information about bid deposits can be found in the "Bid Deposit" section of this notice.

b. Conducting the Auction

- i. *Mock Auction:*** BOEM will hold a Mock Auction on May 6, 2022, beginning at 9:00 a.m. EDT. The Mock Auction will be held online. BOEM will contact each bidder that has timely submitted a BFF and bid deposit and provide instructions for participation. Only bidders that have timely submitted BFFs and bid deposits may participate in the Mock Auction.
- ii. *Multiple-factor Auction:*** On May 11, 2022, BOEM, through its contractor, will start the auction. The first round of the auction will start at 9:00 a.m. EDT. The auction will proceed electronically according to a schedule to be distributed by the BOEM Auction Manager at the beginning of the auction, subject to revisions that will be communicated to bidders during the auction. BOEM anticipates that the auction will last 1-business day, but it may continue for as many consecutive business days, as necessary, until the auction ends in accordance with the procedures described in the “Auction Procedures” section of this notice.
- iii. *Announce Provisional Winners:*** BOEM will announce the provisional winners of the lease sale after the auction ends.

c. From the Auction to Lease Execution

- i. *Refund Non-Winners:*** Once the provisional winners have been announced, BOEM will return the non-winners’ bid deposits.
- ii. *Department of Justice (DOJ) Review:*** DOJ will have 30 days in which to conduct an antitrust review of the auction, pursuant to 43 U.S.C 1337(c).

- iii. *Delivery of the Lease:* BOEM will send three lease copies to each provisional winner, with instructions for executing the lease. The first year's rent is due 45-calendar days after the winners receive the lease copies for execution.
- iv. *Return the Lease:* Within 10-business days of receiving the lease copies, the auction winners must post financial assurance, pay any outstanding balance of their bonus bids (i.e., winning monetary bid minus applicable bid deposit), and sign and return the three executed lease copies. In the event of a delay, BOEM may extend the 10 business day time period for executing and returning the lease if we determine the delay to be caused by events beyond your control, pursuant to 30 CFR 585.224(e).
- v. *Execution of Lease:* Once BOEM has received the signed lease copies and verified that all other required materials have been received, BOEM will make a final determination regarding its issuance of the leases and will execute the leases, if appropriate.

XIX. AREAS OFFERED FOR LEASING: In deciding whether to remove areas from leasing consideration, BOEM's charge is to balance all the factors in 43 U.S.C. 1337(p)(4). No single factor or comment led to BOEM's designation of the final two sale areas; rather, BOEM altered the areas in certain locations where: (1) multiple factors weighed in favor of a change; (2) there was evidence supporting the application of those factors; and (3) the changes were supported by the comments. BOEM's designation of the two lease areas offered in the FSN were informed by its coordination with BOEM's intergovernmental task force members for multiple years, stakeholder engagement, and

consideration of the 60 comments that BOEM received in response to the PSN. BOEM is offering two lease areas totaling 110,091 acres for sale through this notice (Figure 1).

The size of the two lease areas have been reduced by approximately 14 percent from the size of the areas proposed in the PSN to address issues and concerns expressed in the comments submitted on the PSN and through consultation with Federal agencies.

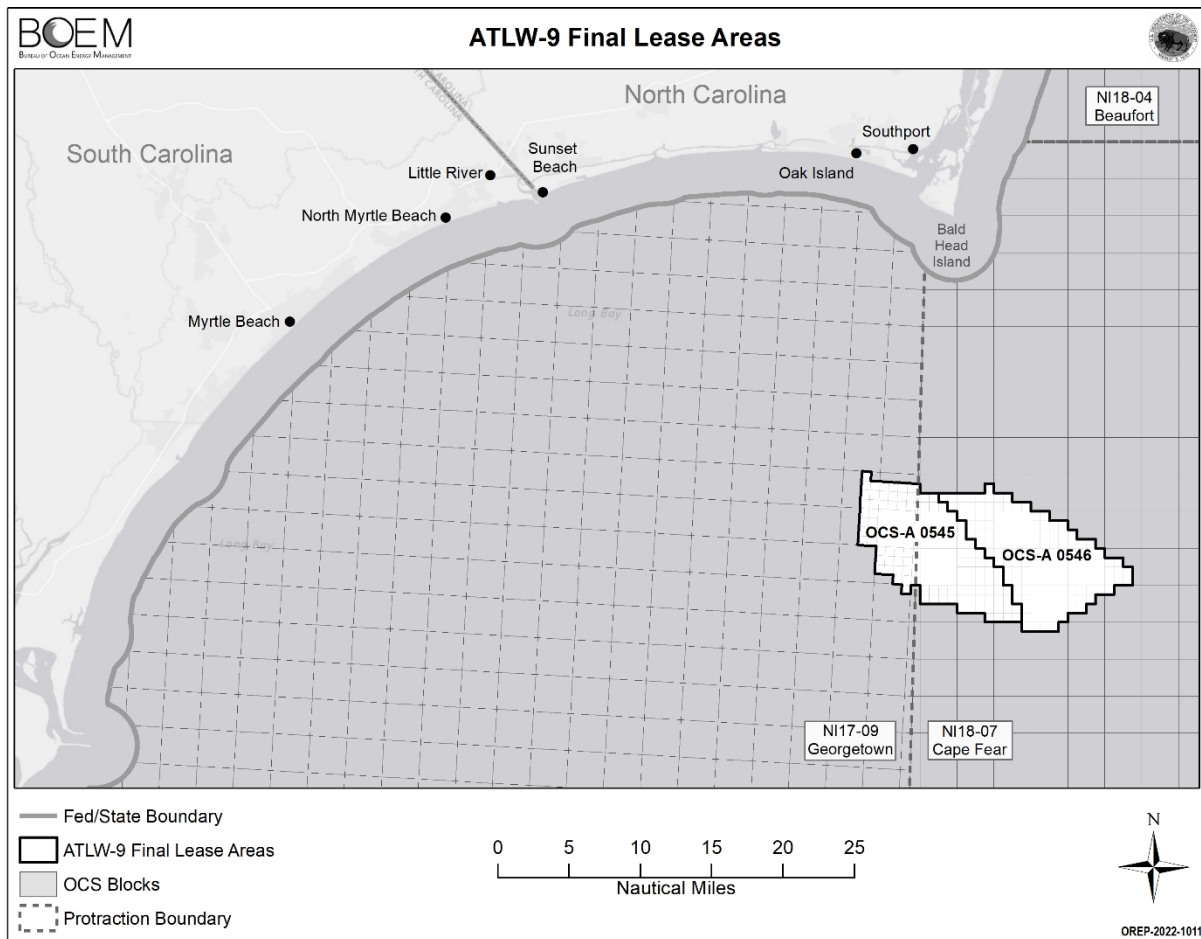
Approximately 17,774 acres were removed from Leases OCS-A 0545 and OCS-A 0546 in the FSN. BOEM decided to remove from leasing consideration all lease blocks within 20 statute miles of the shoreline, thereby eliminating 13,474 acres in the northern portion of the proposed lease area. In addition, 4,300 acres were removed from the southeast portion of the proposed lease area to eliminate overlap between the lease area and the navigational fairway proposed by the U.S. Coast Guard (USCG). Following these removals, BOEM divided the remaining lease area into two nearly equal lease areas. BOEM designated the two lease areas to ensure that each has a similar acreage, distance to shore, wind resource potential, and in response to comments received on the PSN.

The area available for sale will be auctioned as two leases:

Table 1 to Section IV - ATLW-9 Final Lease Areas

Lease	Total Acres
OCS-A 0545	54,937
OCS-A 0546	55,154

Figure 1 to Section IV - ATLW-9 Final Lease Areas



XX. ENVIRONMENTAL REVIEW: On December 13, 2012, BOEM published a notice of intent to prepare an environmental assessment (EA) to consider potential environmental consequences of site characterization activities (e.g., biological, archeological,

geological, and geophysical surveys and core samples) and site assessment activities (e.g., installation of meteorological towers or buoys) expected to be conducted after lease issuance. The EA also considered surveys along project easements associated with the potential leases and grants for subsea cable corridors. As part of the EA process, BOEM sought comments on the issues and alternatives that should inform the EA and received approximately 47 comments, which can be found at <http://www.regulations.gov> under Docket No. BOEM-2012-0090. A notice of availability of the EA was published on January 23, 2015, to initiate a 30-day public comment period (80 FR 3621) and comments received can be found at <http://www.regulations.gov> under Docket No. BOEM-2015-0001. The EA was subsequently revised based on comments received during the comment period and public information meetings. The revised EA and the finding of no significant impact were published on September 17, 2015 and are available at: <https://www.boem.gov/sites/default/files/renewable-energy-program/State-Activities/NC/NC-EA-Camera-FONSI.pdf>. Concurrently with its preparation of the EA, BOEM conducted consultations under the Endangered Species Act (ESA), the Magnuson-Stevens Fishery Conservation and Management Act, and the Coastal Zone Management Act. BOEM prepared and executed a programmatic agreement (PA) to guide its consultations under Section 106 of the National Historic Preservation Act. The PA provides for consultations to continue through BOEM's decision-making process regarding the issuance of leases on the OCS. Also included in the PA is BOEM's phased identification and evaluation of historic properties. On August 13, 2021, BOEM announced its intent to prepare a Supplemental EA (SEA) to the 2015 *Commercial Wind Lease Issuance and Site Assessment Activities on the Atlantic Outer Continental Shelf*

Offshore North Carolina - Revised Environmental Assessment. This announcement opened a 30-day comment period that closed on September 13, 2021. The SEA evaluated current science, studies, circumstances, and other information relevant to reasonably foreseeable environmental impacts from site characterization activities and site assessment activities associated with issuing wind energy leases in the Wilmington East WEA. Some of this new information includes a recent marine cultural resources survey, changes in the status of some ESA-listed species, the listing of new endangered species, and the designation of the North Atlantic right whale critical habitat. On December 8, 2021, BOEM announced the availability of the Draft SEA. This announcement opened a 30-day comment period that closed on January 7, 2022. BOEM received 11 comments on the Draft SEA, which can be found at <http://www.regulations.gov> under Docket No. BOEM-2021-0090. The SEA was subsequently revised based on comments received during the comment period and public information meetings. The availability of the Final SEA and Finding of No Significant Impact was announced on March 21, 2022. BOEM determined that the Proposed Action would not cause any significant impacts and that implementing the Proposed Action does not constitute a major Federal action significantly affecting the quality of the human environment within the meaning of section 102(2)(c) of the National Environmental Policy Act of 1969. BOEM will conduct additional environmental reviews upon receipt of a lessee's proposed project-specific plans, such as a Site Assessment Plan (SAP) or Construction and Operations Plan (COP).

XXI. NEW AND MODIFIED LEASE STIPULATIONS: Based on feedback provided, BOEM is adding lease stipulations that were discussed conceptually in the PSN. BOEM is also refining some stipulations identified in the PSN and previous lease packages.

- a. **Reporting requirements:** In an effort to require early and regular engagement with Tribal Nations, ocean users, underserved communities, agencies and other stakeholders that may be potentially affected by activities on the OCS (collectively “Tribal Nations and parties”), BOEM is building upon an existing lease stipulation to require a semi-annual progress report. Within the progress report, Lessees will identify Tribal Nations and parties potentially affected by proposed activities and provide updates on engagement activities, impacts on or benefits to the Tribal Nations and parties due to the proposed activities, and how, if at all, a project proposal has been informed or altered to address those impacts or benefits, as well as any planned engagement activities during the next reporting period. In acknowledgment of the existing and growing consultation burden placed on many of the Tribal Nations and parties, the stipulation also requires, to the maximum extent practicable, that Lessees coordinate with one another on engagement activities. It is BOEM’s intention that this requirement to coordinate engagement apply not only to meetings proposed by Lessees, but also to reasonable requests to coordinate engagement made by Tribal Nations and parties. In addition, the stipulation requires that the progress report incorporate separate lease requirements for the development of communication plans for fisheries (Fisheries Communication Plan (FCP)), Tribal Nations (Native American Tribes Communication Plan), and agencies (Agency Communication Plan), which serve to guide engagement activities with those groups. Lastly, the progress report must also include an update on activities executed under any survey plan.

- b. **Transmission Planning:** BOEM is continuing a planned approach to siting submarine electrical transmission cables on the OCS and is evaluating options, including the use of cable corridors, regional transmission systems, meshed systems, and other mechanisms. Therefore, BOEM may condition COP approval on the incorporation of such methods where appropriate. BOEM encourages those who obtain a lease(s) from this sale to engage in early coordination with adjacent lessees, states, Tribal Nations, and other ocean users to identify ways to minimize impacts from transmission. In addition, BOEM has modified the lease stipulations concerning lessee communication with Tribal Nations and parties to explicitly require the lessee to seek input and discussion surrounding transmission easements prior to proposing such easements.
- c. **Birds and Bats:** As a result of BOEM's ESA consultation efforts, the U.S. Fish and Wildlife Service issued a letter on October 15, 2021, recommending the installation of automated Motus telemetry tracking stations on meteorological buoys to help address information gaps on offshore movements of birds and bats, including ESA-listed species. Therefore, BOEM is including a stipulation requiring the use of such tracking stations.
- d. **Project Labor Agreements and Supply Chain:** BOEM is committed to a clean energy future, workforce development and safety, and the establishment of a durable domestic supply chain that can sustain the U.S. offshore wind energy industry. To advance this vision, BOEM has included two lease stipulations that will encourage construction efficiency for projects and contribute towards establishing a domestic supply chain:

- i. The first stipulation requires lessees to make every reasonable effort to enter a project labor agreement covering the construction stage of any project proposed for the lease areas. The PLA provisions for the construction of an offshore wind project will apply to all contractors.
 - ii. The second stipulation requires lessees to establish a statement of goals in which the lessee will describe its plans for contributing to the creation of a robust and resilient U.S.-based offshore wind industry supply chain. The lessee must provide regular progress updates on the achievement of those goals to BOEM, and BOEM will make those updates publicly available.
- e. **Surface Structure Layout and Orientation:** In the PSN, BOEM solicited comments on proposed transit corridors. The USCG has informed BOEM that the term “transit corridor” is not defined or recognized in law, regulation, or international convention. As such, the use of the term will likely add confusion. BOEM will not use the term in this sale or future lease sales or other actions. The final lease area delineations do not include a buffer of non-leased area between the two lease boundaries. However, where each lease abuts the neighboring lease area, each lessee must endeavor to implement a layout of surface structures that facilitates activities on the lease and allows for a structure layout that contains two common lines of orientation across the adjacent leases (as described in Navigation and Vessel Inspection Circular 01-19). Where such a design cannot be agreed upon among adjacent lessees, each lessee will be required to incorporate a 1-nmi setback from the boundary of the neighboring lease where no surface structures will be permitted.

f. **Endangered Species Act Programmatic Consultation**

BOEM has completed a programmatic informal consultation with the National Marine Fisheries Service (NMFS) under section 7 of the ESA. Federal partners that were co-action agencies on the programmatic informal consultation include the Bureau of Safety and Environmental Enforcement, U.S. Army Corp of Engineers, and the U.S. Environmental Protection Agency. On June 29, 2021, NMFS issued a Letter of Concurrence under the ESA (<https://www.boem.gov/renewable-energy/final-nlaa-osw-programmatic>) that covers site characterization (high resolution geophysical (HRG) and geotechnical avian, and marine mammal surveys) and site assessment and data collection (deployment, operation, and retrieval of meteorological and oceanographic data buoys) activities associated with Atlantic OCS leases. As a result of this consultation, project design criteria (PDCs) and best management practices (BMPs) associated with the mitigation, monitoring, and reporting conditions have been developed for those data collection activities covered in the consultation. The PDCs and BMPs pertain to mitigation, monitoring, and reporting conditions for reducing noise exposure to protected species from HRG surveys, avoiding vessel interactions with protected species, and requiring mooring design and marine debris practices to avoid entanglement of listed species. BOEM requires mitigation, monitoring, and reporting conditions for all marine mammals. As applicable, these PDCs and BMPs will be lease requirements for the lease areas and are found in the document *Project Design Criteria and Best Management*

Practices for Data Collection Associated with Atlantic Offshore Wind Leases

located at: <https://www.boem.gov/renewable-energy/nmfs-esa-consultations>.

XXII. POTENTIAL FUTURE RESTRICTIONS: Prospective bidders should be aware of potential conflicts with existing uses of the OCS by the Department of Defense (DOD) and USCG, among others. BOEM coordinates with the DOD and USCG throughout our leasing process. A February 2021 letter from the DOD summarizes our most recent consultations and is available at: <https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>. Once BOEM receives a SAP or COP, we will further review the proposed project's potential impacts on other ocean uses as part of BOEM's environmental and project review process. This analysis could result in the identification of potential mitigation measures and/or terms and conditions as part of any potential project approval.

XXIII. LEASE TERMS AND CONDITIONS: BOEM has included terms, conditions, and stipulations for the OCS commercial wind leases to be offered through this sale. After the leases are issued, BOEM reserves the right to require compliance with additional terms and conditions associated with approval of a SAP or COP. The leases are available on BOEM's website at: <https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>. The leases include the following five attachments:

- Addendum "A" (Description of Leased Area and Lease Activities);
- Addendum "B" (Lease Term and Financial Schedule);
- Addendum "C" (Lease Specific Terms, Conditions, and Stipulations);
- Addendum "D" (Project Easement); and
- Addendum "E" (Rent Schedule).

Addenda “A,” “B,” and “C” provide detailed descriptions of lease terms and conditions. Addenda “D” and “E” will be completed at the time of COP approval or approval with modifications.

The most recent version of BOEM’s renewable energy commercial lease form (BOEM-0008) is available on BOEM’s website at: <http://www.boem.gov/BOEM-OCS-Operation-Forms/>.

Pursuant to 30 CFR 585.601, a leaseholder wishing to submit a SAP must do so within 12 months of lease issuance. If the lessee intends to continue to hold the lease into its operations term, the lessee must submit a COP at least 6 months before the end of the site assessment term.

XXIV. FINANCIAL TERMS AND CONDITIONS: This section provides an overview of the annual payments required of the lessee that will be fully described in the lease, and the financial assurance requirements that will be associated with the lease.

- a. **Rent:** Pursuant to 30 CFR 585.224(b) and 585.503, the first year’s rent payment of \$3 per acre is due within 45-calendar days of the date the lessee receives the lease for execution. Thereafter, annual rent payments are due on the anniversary of the effective date of the lease as defined in 30 CFR 585.237 (the “Lease Anniversary”). Once commercial operations under the lease begin, BOEM will charge rent only for the portions of the lease remaining undeveloped (i.e., non-operating acreage). The rent that would be due should no portion of each lease area be authorized for commercial operations is shown below.

Lease	Total Acres	Rent Due
OCS-A 0545	54,937	\$164,811 per year

OCS-A 0546	55,154	\$165,462 per year
<i>Total</i>	<i>110,091</i>	<i>\$330,273 per year</i>

If the lessee submits an application for relinquishment of a portion of its leased area within the first 45-calendar days following the date that the lease is received by the lessee for execution, and BOEM approves that application, no rent payment will be due on the relinquished portion of the lease area. Later relinquishments of any portion of the lease area will reduce the lessee's rent payments starting in the lease year following BOEM's approval of the relinquishment. A lease issued under this part confers on the lessee the right to one or more project easements 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. A lessee must apply for the project easement as part of your COP or GAP, as provided under subpart F of 30 C.F.R. part 585. The lessee must also pay rent for any project easement associated with the lease, commencing on the date that BOEM approves the COP (or modification thereof) that describes the project easement and when the operations term begins as outlined in 30 CFR 585.500(a)(5) and 585.507(b). Annual rent for a project easement is \$5 per acre, subject to a minimum of \$450 per year.

- b. **Operating Fee:** For purposes of calculating the initial annual operating fee payment pursuant to 30 CFR 585.506, BOEM applies an operating fee rate to a

proxy for the wholesale market value of the electricity expected to be generated from the project during its first 12 months of operations. This initial payment will be prorated to reflect the period between the commencement of commercial operations and the Lease Anniversary. The initial annual operating fee payment is due within 45 days of the commencement of commercial operations.

Thereafter, subsequent annual operating fee payments are due on or before the Lease Anniversary.

The subsequent annual operating fee payments are calculated by multiplying the operating fee rate by the imputed wholesale market value of the projected annual electric power production. For the purposes of this calculation, the imputed market value would be the product of the project's annual nameplate capacity, the total number of hours in the year (8,760), the capacity factor, and the annual average price of electricity derived from a regional wholesale power price index. For example, the annual operating fee for a 1,028-megawatt (MW) wind facility operating at a 40 percent capacity (i.e., capacity factor of 0.4) with an annual average regional wholesale power price of \$40/megawatt hour (MWh) and an operating fee rate of 0.02 will be calculated as follows:

$$\text{Annual Operating Fee} = 1,028 \text{ MW} \times 8,760 \frac{\text{hrs}}{\text{year}} \times 0.4 \times \frac{\$40}{\text{MWh}} \text{ Power Price} \times 0.02 = \$2,881,689.60$$

- v. ***Operating Fee Rate:*** The operating fee rate is the share of imputed wholesale market value of the projected annual electric power production due to the Office of Natural Resources Revenue as an annual operating fee. For the Lease Areas, BOEM will set

the fee rate at 0.02 (i.e., 2 percent) for the entire life of commercial operations.

- vi. ***Nameplate Capacity:*** Nameplate capacity is the maximum rated electric output, expressed in MW, that the turbines of the wind facility under commercial operations can produce at their rated wind speed, as designated by the turbine's manufacturer. The nameplate capacity available at the start of each year of commercial operations on the lease will be the capacity provided in the Fabrication and Installation Report (FIR). For example, if the lessee installed 100 turbines as documented in its FIR, and each is rated by the manufacturer at 12 MW, the nameplate capacity of the wind facility is 1,200 MW.
- vii. ***Capacity Factor:*** The capacity factor relates to the amount of energy delivered to the grid during a period of time compared to the amount of energy the wind facility would have produced at full capacity during that same period of time. This factor is represented as a decimal between zero and one. There are several reasons why the amount of power delivered is less than the theoretical 100 percent of capacity. For a wind facility, the capacity factor is mostly determined by the availability of wind. Transmission line loss and downtime for maintenance or other purposes also affect the capacity factor.

The capacity factor for the year in which the commercial operation date occurs, and for the first 6 years of commercial operations on the lease, is set to 0.4 (i.e., 40 percent). At the end of the sixth year, the capacity factor may be adjusted to reflect the performance over the previous five years based upon the actual metered electricity generation at the delivery point to the electrical grid. Similar adjustments to the capacity factor may be made once every five years thereafter.

viii. ***Wholesale Power Price Index:*** Pursuant to 30 CFR 585.506(c)(2)(i), the wholesale power price, expressed in dollars per MW-hour, is determined at the time each annual operating fee payment is due. For the leases offered in this sale, BOEM will use the index for VACAR average price per MW from the Enerfax power prices dataset within Hitachi's ABB Velocity Suite or similar. VACAR is a subregion of the Southeastern Electric Reliability Council and comprises the Carolinas and parts of Virginia. The VACAR average price per megawatt represents prices from Duke, Progress Energy's Carolina Power and Light, Santee Cooper, South Carolina Electric and Gas, Southeastern Power Administration, and APCI Yadkin Division.

c. **Financial Assurance:** Within 10-business days after receiving the lease copies and pursuant to 30 CFR 585.515-.516, the provisional winners of the leases must provide an initial lease-specific bond or other approved means of meeting the

lessor's initial financial assurance requirements, in the amount of \$100,000. The provisional winners may meet financial assurance requirements by posting a surety bond or financial assurance instrument or alternative detailed in 30 C.F.R. §§ 585.526-529. BOEM encourages the provisionally winning bidder to discuss the financial assurance requirement with BOEM as soon as possible after the auction has concluded.

BOEM will base the amount of all SAP, COP, and decommissioning financial assurance on cost estimates for meeting all accrued lease obligations at the respective stages of development. BOEM will determine the required amount of supplemental and decommissioning financial assurance on a case-by-case basis.

- d. **Payments:** The annual lease payments and financial assurance requirements described above can be found in Addendum “B” of the leases, which BOEM has made available with this notice on its website at:

<https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>.

- XXV. BFF:** Each bidder must fill out the BFF referenced in this FSN. BOEM has also made a copy of the form available with this notice on its website at:

<https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>.

BOEM recommends that each bidder designate an email address in its BFF that the bidder will then use to create an account in *pay.gov* (if it has not already done so).

Bidders who elect to qualify for the bidding credit will check the paragraph affirming their interest on their BFF and include a conceptual strategy at the time of the bid deposit.

Bidders committing to the bidding credit must meet the bidding credit requirements before submission of the FDR. Bidders who do not elect to qualify may indicate by a

check mark next to the paragraph declining the bidding credit. If a BFF does not indicate a selection, BOEM will assume no bidding credit is desired. BOEM will not consider BFFs submitted by bidders for previous lease sales as satisfying the requirements of this auction. If a bidder does not submit a BFF for this sale by April 11, 2022, BOEM, in its sole discretion, may grant an extension to that bidder only if BOEM determines the bidder's failure to timely submit a BFF was caused by events beyond the bidder's control. BOEM will only accept an original, executed paper copy of the BFF. The BFF must be executed by an authorized representative listed in the qualifications package on file with BOEM as authorized to bind the company.

XXVI. **BID DEPOSIT:** A bid deposit is an advance cash payment submitted to BOEM to participate in the auction. After creating an account in *pay.gov* (if necessary), bidders may use the Bid Deposit Form on the *pay.gov* website to leave a deposit. Each bidder must submit a bid deposit of \$2,000,000 or \$4,000,000 to be eligible to bid for one or two lease areas, respectively, no later than April 25, 2022. Any bidder who fails to submit the bid deposit by this deadline may be disqualified from participating in the auction. Following the auction, bid deposits will be applied against bonus bids or other obligations owed to BOEM. If the bid deposit exceeds a bidder's total financial obligation, BOEM will refund the balance of the bid deposit to the bidder. Once BOEM has announced the provisional winner(s), BOEM will refund bid deposits to the other bidders. If BOEM offers a lease pursuant to a provisionally winning bidder and that bidder fails to timely return the signed lease form, establish financial assurance, or pay the balance of its bid, BOEM will retain the bidder's \$2,000,000 (or \$4,000,000) bid deposit. In such a circumstance, BOEM may determine which bid would have won in the absence of the bid

previously determined to be the winning bid and to offer a lease pursuant to this next highest bid if it has not won one the other Lease Area.

XXVII. MINIMUM BID: The minimum bid is the lowest bid that BOEM will accept as a winning bid, and it is where BOEM will start the bidding in the auction. 30 CFR 585.221. BOEM has established a minimum bid of \$50.00 per acre for this lease sale.

XXVIII. AUCTION PROCEDURES: As authorized under 30 CFR 585.220(a)(4) and 585.221(a)(6), BOEM will use a multiple-factor auction format, with a multiple-factor bidding system for this lease sale. The bidding system for this lease sale will be a multiple-factor combination of a monetary bid and a non-monetary factor. This auction format was selected to enhance, through training, the offshore wind workforce or stand-up the domestic supply chain for offshore wind manufacturing, assembly, or services, and is designed to lead to expeditious and orderly development of offshore wind resources on the OCS. BOEM will appoint a panel to review the non-monetary component after the BFFs and bid deposits have been received but before the auction, and the panel will verify the results of the lease sale. Following review of the strategy to 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, BOEM will notify bidders if they qualify for the credit prior to the mock auction. BOEM reserves the right to change the composition of this panel at any time. The bid made by a particular bidder in each round will represent the sum of a monetary (cash) amount and a non-monetary factor (bidding credit). The structure of this bidding credit is explained in the subsection below. BOEM will start the auction using the minimum bid price for each Lease Area

and will increase those prices incrementally until no more than one active bidder per Lease Area remains in the auction.

20 Percent Non-Monetary (Bidding) Credit for Workforce Training or Supply Chain

Development

The bidding credit allows a bidder to receive a credit of 20 percent of its cash bid in exchange for committing to make a qualifying monetary contribution (“Contribution”) to programs or initiatives, as described in the BFF Addendum and lease, that 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. To qualify for the credit, the winning bidder is required to financially contribute at least 80 percent of the bidding credit value toward a workforce training program or the development of a domestic supply chain, as described in the BFF Addendum and lease. For example, a winning bidder qualified for the bidding credit and meeting the asking price of \$31.32 million would receive a credit of \$5.22 million toward its winning bid in exchange for a \$4.176 million (80 percent of \$5.22 million) commitment to workforce training or development of the domestic supply chain. The bidding credit would be calculated as follows:

$$\text{Cash Bid} = \left\{ \frac{\$31.32 \text{ million}}{1 + 0.20} \right\} = \$26.1 \text{ million}$$

$$\text{Credit} = \$31.32 - \$26.1 = \$5.22 \text{ million}$$

$$\text{Commitment} = 0.80 * \$5.22 \text{ million} = \$4.176 \text{ million}$$

- ix. If a bidder qualified for the bidding credit wins both lease areas, this calculation would be applied to its bid for both lease areas.

- x. The Contribution to workforce training must result in a better trained and/or larger domestic offshore wind work force that would provide for more efficient operations via increasing the supply of fully trained personnel, pursuant to congressional policy under 43 U.S.C. 1332(6), which states that operations on the OCS should be conducted in a safe manner by well-trained personnel.
- xi. The Contribution to domestic supply chain development must result in a more robust domestic supply chain by reducing the upfront capital or certification cost for manufacturing offshore wind components including the building of facilities, the purchasing of capital equipment, and the certifying of existing manufacturing facilities in the United States, which would facilitate congressional policy set forth in 43 U.S.C. 1332(3) to promote expeditious and orderly development on the OCS.
- xii. Bidders interested in pursuing bidding credits can choose to commit to workforce training programs, domestic supply chain initiatives, or a combination of both. Bidders must note, on the BFF, whether they are making the commitment to earn the bidding credit. Bidders seeking to utilize the bidding credit must submit their strategy, further described below and in the BFF Addendum, prior to the deadline for the submission of the bid deposit. Bidders are strongly encouraged to review the BFF Addendum if they are considering qualifying for the bidding credit. The strategy must describe the verifiable actions to be taken by the lessee that would allow BOEM to confirm compliance when your documentation for satisfying the bidding credit is submitted. Payment fulfilling the commitment can be deferred until submission of the facility design report (FDR) to BOEM. Lessees must provide documentation showing that the lessee has met the commitment and complied with the applicable

bidding credit requirements no later than the submission to BOEM of the first Facility Design Report (FDR) for the Lease. Deferring the payment until the FDR will enable the lessee to identify programs or recipients with the greatest potential to expedite or facilitate orderly OCS renewable energy development.

- xiii. Contributions to workforce training must be to one of the following: (i) Contributions in support of union apprenticeships, labor management training partnerships, stipends for workforce training, or other technical training programs or institutions focused on providing skills necessary for the planning, design, construction, operation, maintenance, or decommissioning of offshore wind energy projects in the United States; (ii) Contributions toward maritime training necessary for the crewing of vessels to be used for the construction, servicing, and/or decommissioning of wind energy projects in the United States; (iii) Contributions toward training workers in skills or techniques necessary to manufacture or assemble offshore wind components, subcomponents or subassemblies. Examples of these skills and techniques include welding; wind energy technology; hydraulic maintenance; braking systems; mechanical systems, including blade inspection and maintenance; or computers and programmable logic control systems; (iv) Contributions toward training in any other job skills that the Lessee can demonstrate are necessary for the planning, design, construction, operation, maintenance, or decommissioning of offshore wind energy projects in the United States.
- xiv. Contributions to domestic supply chain development must be one of the following: (i) Contributions supporting the development of a domestic supply chain for the offshore wind industry, including manufacturing of components and sub-assemblies and the

expansion of related services; (ii) Contributions to domestic tier-2 and tier-3 offshore wind component suppliers and domestic tier-1 supply chain efforts, including quay-side fabrication; (iii) Contributions for technical assistance grants to help U.S. manufacturers re-tool or certify (e.g., ISO-9001) for offshore wind manufacturing; (iv) Contributions for the development of Jones Act-compliant vessels for the construction, servicing, and/or decommissioning of wind energy projects in the United States; (v) Contributions to establish a new or existing bonding support reserve or revolving fund available to all businesses providing goods and services to offshore wind energy companies, including disadvantaged businesses; (vi) Other Contributions to supply chain development efforts that the Lessee can demonstrate further the manufacture of offshore wind components or subassemblies, or the provision of offshore wind services, in the United States.

- xv. *Documentation:* If a lease is awarded pursuant to a winning bid that includes the bidding credit, the lessee will be required to provide documentation showing that the lessee has met the commitment and complied with the applicable bidding credit requirements no later than the submission to BOEM of the first Facility Design Report (FDR) for the Lease. The documentation must allow BOEM to objectively verify the amount of the Contribution and the beneficiary(ies) of the Contribution. At a minimum, this documentation must include: all written agreements between the Lessee and beneficiary(ies) of the Contribution; all receipts documenting the amount, date, financial institution, and the account and owner of account to which the Contribution was made; and sworn statements by the entity that made the Contribution and the beneficiary(ies) of the Contribution, attesting: the amount and

date(s) of the Contribution; that the Contribution is being (or will be) used in accordance with the bidding credit requirements in the Lease; and that all information provided is true and accurate. The documentation must describe how the funded initiative or program has advanced, or is expected to advance, U.S. offshore wind workforce training or supply chain development. The documentation must also provide qualitative and/or quantitative information that includes the estimated number of trainees or jobs supported, or the estimated leveraged supply chain investment resulting or expected to result from the Contribution. The documentation must contain any information called for in the conceptual strategy submitted with the bid deposit. If the Lessee's implementation strategy has changed due to market needs or other factors, the Lessee must explain this change. BOEM reserves all rights to determine that the bidding credit has not been satisfied if changes to the lessee's conceptual strategy do not meet the criteria for the bidding credit described herein.

- xvi. *Enforcement:* The commitment for the bidding credit will be made in the BFF and will be included in a lease addendum that will bind the lessee and all future assignees of the lease. If BOEM determines that a Lessee or assignee has failed to satisfy the commitment at the FDR stage, or if a Lessee or assignee relinquishes or otherwise fails to develop the Lease by the tenth anniversary date of Lease issuance, the amount corresponding to the bidding credit awarded shall be immediately due and payable to the Office of Natural Resources Revenue with interest from the date of lease execution. The interest rate will be the underpayment interest rate identified by ONRR. BOEM may, at its sole discretion, extend the documentation deadline beyond the FDR or the 10-year timeframe.

The Auction: Using an online bidding system to host the auction, BOEM will start the bidding for Lease Area OCS-A 0545 and OCS-A 0546. Bidders may bid for one or both lease areas offered and could ultimately win one or both areas.

Lease Area	Acres	Minimum Bid
OCS-A 0545	54,937	\$2,746,850
OCS-A 0546	55,154	\$2,757,700

- a. **Live Bids:** The auction will be conducted in a series of rounds. At the start of each round, BOEM will state an asking price for each Lease Area. If a bidder is willing to meet the asking price for up to two of the Lease Areas (if eligible), it will indicate its intent by submitting a bid equal to the asking price for the selected lease area(s). A bid for one or both lease areas at the sum of the full asking price is referred to as a “live bid.” If the bidder has qualified for a non-monetary credit, it will meet the asking price by submitting a multiple-factor bid – that is, a live bid that consists of a monetary (cash) element and a non-monetary credit (20 percent of the cash element), the sum of which equals the asking price. Bidders without a non-monetary credit will submit a cash bid equal to the asking price. To participate in the next round of the auction, a bidder must have submitted a live bid for at least one of the Lease Areas in each previous round, or BOEM must have carried forward a bidder’s bid from a previous round. As long as there are two or more live bids (including bids carried forward) for at least one of the Lease Areas, the auction moves to the next round. If a bid is uncontested, it is automatically carried forward to the next round. BOEM will raise the asking price for each of the Lease Areas that has received two or more

live bids in the previous round. Asking price increments will be determined based on several factors, including (but not necessarily limited to) the expected time needed to conduct the auction and the number of rounds that have already occurred. BOEM reserves the right to increase or decrease bidding increments as it deems appropriate.

Each bidder is allowed to submit a live bid for up to two lease areas based on its “eligibility” at the opening of each round. A bidder’s eligibility is for either two, one, or zero lease areas, and corresponds to the maximum number of lease areas that a bidder may include in a live bid during a single round of the auction. A bidder’s initial eligibility is determined based on the amount of the bid deposit submitted by the bidder prior to the auction. To be eligible to offer a bid on one lease area at the start of the auction, a bidder must submit a bid deposit of \$2,000,000. To be eligible to offer a bid on two lease areas, a bidder must submit a bid deposit of \$4,000,000. A bidder’s bid deposit will be used by BOEM as a down payment on any monetary obligations incurred by the bidder should it be awarded a lease.

As the auction proceeds, a bidder’s eligibility is determined by the number of lease areas included in its live bid submitted in the round prior to the current round. That is, if a bidder submitted a live bid on one lease area in the previous round, that bidder may submit a bid that includes at most one lease area in the current round. If a bidder submitted a live bid that included two lease areas in the previous round, the bidder may submit a live bid that includes at most two lease areas in the current round. When a bidder chooses to submit a live bid with fewer

lease areas than the maximum number it is eligible to include in its bid, the bidder's eligibility is permanently reduced. Thus, eligibility in successive rounds may stay the same or go down, but it can never go up.

If a bidder decides to stop bidding when its bid is contested, that bidder could still win the auction, if, for example, the bidder is ultimately selected as the provisional winner in the winner determination that is described in detail below, or if someone else's winning bid is disqualified at the award stage of the auction. In these circumstances, the bidder will be bound by its bid and thus obligated to pay the full bid amount. A bidder is bound to each of its bids at all times prior to the finalization of the auction results.

Between rounds, BOEM will disclose to all bidders that submitted bids: (1) the number of live bids in the previous round of the auction (i.e., the level of demand at the asking price) for each Lease Area; and (2) the asking price for each Lease Area in the upcoming round of the auction.

- b. **Intra-round Bids:** A bidder is only eligible to continue bidding in the auction if it has submitted a live bid (or had a bid carried forward) in the previous round. In any round after the first round, an eligible bidder may submit an "intra-round" bid. An intra-round bid is similar to an "exit bid."

An intra-round bid consists of a single offer price for exactly the same lease areas on which the bidder placed a live bid in the previous round. The single offer price must be greater than the sum of the previous round's asking prices for the same lease areas bid on in the previous round and less than the sum of the current round's asking prices for the same lease areas. A bidder may not submit an intra-

round bid in the current round if its previous round bid was uncontested or if its eligibility had previously dropped to zero lease areas.

A bidder that has submitted a live bid for two leases in the previous round may choose to submit a single intra-round bid in the current round for the two lease areas. A bidder submitting an intra-round bid for two lease areas can either:

- (3) Choose to also submit a live bid for either one of the two lease areas.

Doing this sets the bidder's eligibility to one lease area and allows the bidder to continue to place a live bid for one lease area in the next round.

- (4) Choose not to submit a live bid for either of the two lease areas.

Doing this sets the bidder's eligibility to zero lease areas and precludes the possibility of this bidder submitting any bids in the next round or any further round of the auction.

A bidder that has submitted a live bid for one lease area in the previous round may choose to submit an intra-round bid in the current round (for that one lease area). Placing an intra-round bid that includes one lease area terminates the bidder's ability to submit subsequent bids.

For example, consider the case of a bidder who has bid on both lease areas in the previous rounds, and hence is eligible to continue bidding on both lease areas in the current round. Suppose that the asking prices for OCS-A 0545 and OCS-A 0546 were \$10,000,000 and \$11,000,000 in the previous round and are now \$10,000,000 and \$12,000,000 in the current round, respectively. OCS-A 0546 received competition in the previous round, resulting in its increased price, but

there was not competition for OCS-A 0545. Since the bidder placed a bid on both lease areas, with one of the lease areas having competition, the bidder may enter a single, intra-round bid for both areas that it bid on in the previous round. This single offer price must be more than \$21,000,000 and less than \$22,000,000. If the bidder wishes to continue to place bids in the auction, the bidder must also place a live bid for a single lease area in the same round. The bidder can satisfy this requirement by choosing to submit (along with its intra-round bid) a single live bid of \$10,000,000 for OCS-A 0545 or \$12,000,000 for OCS-A 0546. Alternatively, the bidder may choose not to submit any live bid, precluding the ability to place bids in future rounds.

If the bidder had only bid on one lease area in the previous round, it may be eligible to submit an intra-round bid during the current round. If its previous round's bid was for OCS-A 0546, the bidder could submit an intra-round bid for that area of more than \$11,000,000 and less than \$12,000,000, reducing its live bid eligibility to zero lease areas, and hence precluding bids in subsequent rounds. Alternatively, if the bidder's previous round's bid was on OCS-A 0545, it cannot submit an intra-round bid (or any other bid), because the previous round's bid was uncontested. In this case, since the bidder had no competition for OCS-A 0546, its sole bid of \$10,000,000 from the previous round is automatically recorded by BOEM as a submitted live bid of the same amount for that lease area in the current round.

Bidders are cautioned that dropping immediately from bidding on two lease areas to bidding on zero lease areas, without placing any live bid on one lease area, as

in bidding option (2) (above), has implications for the winner determination described below. Such bidding behavior would signify that the bidder wishes only to win both lease areas or neither lease area. As such, dropping immediately from two to zero can lead to potentially counterintuitive results in which the bidder wins nothing in the auction.

Intra-round bids are not considered to be live bids for the purpose of determining whether to conclude the auction, for determining whether to increase the asking price for a particular lease area, or for disclosing the demand for a lease area.

During the auction, an intra-round bid can only be seen by BOEM, and not by other bidders.

After the bidding ends, BOEM will determine the provisionally winning bids in accordance with the process described in this section. This process consists of two stages: Stage 1 and Stage 2, which are described herein. Once the auction itself ends, nothing further is required of bidders within or between Stages 1 and 2. In practice, the two stages of the process will be implemented by the auction software, which will analyze the bids, determine the provisional winners, and calculate the applicable prices. The winner determination will be reviewed, checked and validated by the panel.

- Stage 1

In Stage 1, a bidder with a live bid in the final round is provisionally assured of winning the lease area(s) included in its final-round live bid, regardless of any other bids. If both lease areas receive live bids in the final round, they are awarded to bidders in Stage 1, and the rest of this determination is not necessary.

Otherwise, BOEM will select the combination of final-round bids that maximizes the sum of the bid amounts of the selected bids, subject to the following constraints: (1) a bidder must win all lease areas included in its final-round live bid (if any); (2) either a bidder's live bid or intra-round bid, but not both, can be selected; and (3) the selected bids must be feasible, in that each lease area cannot be included in more than one of the selected bids. If there is a unique combination of bids that meets the maximization objective described in the previous sentence, then these are deemed to be the Qualified Bids. If two or more combinations of bids tie by producing the same maximized sum of bid amounts, the tie is broken by: first, bringing each of these combinations forward into the Stage 2 problem (below) and selecting the combination that produces the largest value in the Stage 2 problem; and second, if two or more of these combinations tie in producing the largest value, the auction system will select one of the combinations by generating pseudorandom numbers. If any of the lease areas is not assigned in Stage 1, BOEM will proceed to Stage 2 to attempt to assign the remaining lease areas.

- Stage 2

In Stage 2, BOEM will consider bids from all bidding rounds to determine if the lease area(s) not awarded in Stage 1 can be awarded in Stage 2. The combination of bids selected in Stage 1 are Qualified Bids. BOEM will select the combination of bids from all bidding rounds that maximizes the sum of the bid amounts of the selected bids, subject to the following constraints: (1) a bidder must win all lease areas included in its Qualified Bid (if any); (2) either a bidder's live bid or intra-

round bid from a single bidding round, but not both, can be selected; and (3) the selected bids must be feasible, in that each lease area cannot be included in more than one of the selected bids. If there is a unique combination of bids that solves the maximization problem, then these are deemed to be the provisionally-winning bids. If two or more combinations of bids tie by producing the same maximized sum of bid amounts, the auction system will select one of the combinations by generating pseudorandom numbers. The provisional winners will pay the amounts of their provisionally winning bids.

- c. **Provisional Winners:** BOEM's panel will review the auction results and certify the provisional winners. A provisional winner may be disqualified if it is subsequently found to have violated auction rules or BOEM regulations, or otherwise engaged in conduct detrimental to the integrity of the competitive auction. If a bidder submits a bid that BOEM determines to be a provisionally winning bid, the bidder will be expected to sign the applicable lease documents, establish financial assurance, and submit the balance (if any) of its bonus bid (i.e., winning monetary bid less the applicable non-monetary bidding credit (if appropriate) and bid deposit) within 10-business days of receiving the lease copies, pursuant to 30 CFR 585.224. BOEM reserves the right not to issue the lease to the provisionally winning bidder if that bidder does not timely sign the lease copies, does not establish all required financial assurance, does not pay the balance of its winning bid, or otherwise fails to comply with applicable regulations or the terms of the FSN. In that case, the bidder will forfeit its bid deposit.

BOEM will publish the provisionally winning bidder and bid amount. The bid results, including exit bids, will be published on BOEM's website after review of the results and announcement of the provisional winner(s).

- d. **Authorized Individuals and Bidder Authentication:** A company that is eligible to participate in the auction will identify on its BFF up to three individuals who are authorized to bid on behalf of the company, including their names, business telephone numbers, and email addresses. After BOEM has processed the bid deposits, the auction contractor will send several emails to the authorized individuals. The emails will contain user login information and instructions for accessing the bidder manual for the auction system and the auction system technical supplement (ASTS).

The auction system will require software tokens for two-factor authentication. To set up the tokens, authorized individuals must download an app onto their smartphone or tablet with a recent operating system. One of the emails sent to authorized individuals will contain instructions for installing the app and the credentials needed to activate the software token. A short telephone conversation with the auction contractor may also be needed to use the credentials. The login information, along with the tokens, will be tested during the mock auction. If an eligible bidder fails to submit a bid deposit or does not participate in the auction, BOEM will de-activate that bidder's tokens and login information.

- e. **Timing of Auction:** The auction will begin at 9:00 a.m. EDT on May 11, 2022. Bidders may log in as early as 8:30 a.m. EDT on that day. BOEM recommends that bidders log in earlier than 9:00 a.m. EDT on that day to ensure that any login

issues are resolved prior to the start of the auction. Once bidders have logged in, they should review the auction schedule, which lists the anticipated start times, end times, and recess times of each round in the auction. Each round is structured as follows:

- Round bidding begins;
- Bidders enter their bids;
- Round bidding ends and the recess begins;
- During the recess, previous round results and next round asking prices are posted;
- Bidders review the previous round results and prepare their next round bids; and
- Next round bidding begins.

The first round will last about 30 minutes, though subsequent rounds will be shorter. Recesses are anticipated to last approximately 10 minutes. This description of the auction schedule is tentative. Bidders should consult the auction schedule on the auction system during the auction for updated times.

Bidding will continue until about 6:00 p.m. EDT each day. BOEM anticipates that the auction will last 1- to 2-business days, but may continue for additional business days as necessary until the auction has concluded.

- f. **Messaging Service:** BOEM and the auction contractors will use the auction platform messaging service to keep bidders informed on issues of interest during the auction. For example, BOEM may change the schedule at any time, including during the auction. If BOEM changes the schedule during an auction, it will use

the messaging feature to notify bidders that a revision has been made and will direct bidders to the relevant page. BOEM will also use the messaging system for other updates during the auction.

Bidders may place bids at any time during the round. At the top of the bidding page, a countdown clock shows how much time remains in the round. Bidders have until the end of the round to place bids. Bidders should place bids according to the procedures described in this notice and the ASTS. Information about the round results will only be made available after the round has closed, so there is no strategic advantage to placing bids early or late in the round.

The ASTS will elaborate on the auction procedures described in this FSN. In the event of an inconsistency between the ASTS and the FSN, the FSN is controlling.

- g. **Alternate Bidding Procedures:** Redundancy is the most effective way to mitigate technical and human issues during an auction. Bidders should strongly consider authorizing more than one individual to bid in the auction—and confirming during the mock auction that each individual is able to access the auction system. A 4G card or other form of wireless access is helpful in case a company's main internet connection should fail. As a last resort, an authorized individual facing technical issues may request to submit its bid by telephone. In order to be authorized to place a telephone bid, an authorized individual must call the help desk number listed in the auction manual *before* the end of the round. BOEM will authenticate the caller's identity, including requiring the caller to provide a code from the software token. The caller must also explain the reasons why a telephone bid must be submitted. BOEM may, in its sole discretion, permit

or refuse to accept a request for the placement of a bid using this alternate telephonic bidding procedure.

- h. **Prohibition on Communications Between Bidders During Auction:** During the auction, bidders are prohibited from communicating with each other regarding their participation in the auction. Also, during the auction, bidders are prohibited from communicating to the public regarding any aspect of their participation or lack thereof in the auction, including, but not limited to, through social media, updated websites, or press releases.

XXIX. POST-AUCTION PROCEDURES

- a. **Rejection or Non-Acceptance of Bids:** BOEM reserves the right and authority to reject all bids that do not satisfy the requirements and rules of the auction, the FSN, or applicable regulations and statutes.
 - i. **Anti-Competitive Review:** Bidding behavior in this sale is subject to Federal antitrust laws. Accordingly, following the auction, but before the acceptance of bids and the issuance of leases, BOEM will “allow the Attorney General, in consultation with the Federal Trade Commission, 30 days to review the results of the lease sale.” 43 U.S.C. 1337(c). If a provisionally winning bidder is found to have engaged in anti-competitive behavior in connection with its participation in the competitive bidding process, BOEM may reject its provisionally winning bid. Compliance with BOEM’s auction procedures and regulations is not an absolute defense to violations of antitrust laws.

Anti-competitive behavior determinations are fact-specific. Such behavior may manifest itself in several different ways, including, but not limited to:

5. An express or tacit agreement among bidders not to bid in an auction or to bid a particular price;
6. An agreement among bidders not to bid or not to bid on one of the Lease Areas;
7. An agreement among bidders not to bid against each other; or
8. Other agreements among bidders that have the potential to affect the final auction price.

Pursuant to 43 U.S.C. 1337(c), BOEM will decline to award a lease if the Attorney General, in consultation with the Federal Trade Commission, determines that awarding the lease would be inconsistent with the antitrust laws.

For more information on whether specific communications or agreements could constitute a violation of Federal antitrust law, please see <https://www.justice.gov/atr/business-resources> or consult legal counsel.

- b. **Process for Issuing the Lease:** Once all post-auction reviews have been completed to BOEM's satisfaction, BOEM will issue three unsigned copies of the lease to each provisionally winning bidder. Within 10-business days after receiving the lease copies, the provisionally winning bidders must:
 4. Sign and return the lease copies on the bidder's behalf;
 5. File financial assurance, as required under 30 CFR 585.515-.537; and

6. Pay by electronic funds transfer (EFT) the balance (if any) of the bonus bid (winning bid less the bid deposit). BOEM requires bidders to use EFT procedures (not *pay.gov*, the website bidders used to submit bid deposits) for payment of the balance of the bonus bid, following the detailed instructions contained in the “Instructions for Making Electronic Payments” available on BOEM’s website at: <https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>.

BOEM will not execute a lease until the three requirements above have been satisfied, BOEM has accepted the provisionally winning bidder’s financial assurance pursuant to 30 CFR 585.515, and BOEM has processed the provisionally winning bidder’s payment.

BOEM may extend the 10-business day deadline for signing a lease, filing the required financial assurance, and paying the balance of the bonus bid if BOEM determines the delay was caused by events beyond the provisionally winning bidder’s control pursuant to 30 CFR 585.224(e).

If a provisionally winning bidder does not meet these requirements or otherwise fails to comply with applicable regulations or the terms of the FSN, BOEM reserves the right not to issue the lease to that bidder. In such a case, the provisionally winning bidder will forfeit its bid deposit. Also, in such a case, BOEM reserves the right to identify the next highest bid for that lease area submitted during the lease sale by a bidder who has not won one of the other Lease Areas and to offer the lease to that bidder pursuant to its bid.

Within 45-calendar days of the date that a provisionally winning bidder receives copies of the lease, it must pay the first year's rent using the *pay.gov* and

Renewable Energy Initial Rental Payment form available at:

<https://www.pay.gov/public/form/start//27797604/>.

Subsequent annual rent payments must be made following the detailed instructions contained in the "Instructions for Making Electronic Payments," available on BOEM's website at: <https://www.boem.gov/renewable-energy/state-activities/carolina-long-bay>.

- c. **Non-Procurement Debarment and Suspension Regulations:** Pursuant to regulations at 43 CFR part 42, subpart C, an OCS renewable energy lessee must comply with the Department of the Interior's non-procurement debarment and suspension regulations at 2 CFR parts 180 and 1400. The lessee must also communicate this requirement to persons with whom the lessee does business relating to this lease by including this requirement as a condition in their contracts and other transactions.
- d. **Force Majeure:** The Program Manager of BOEM's Office of Renewable Energy Programs has the discretion to change any auction details specified in the FSN, including the date and time, in case of a *force majeure* event that the Program Manager deems may interfere with a fair and proper lease sale process. Such events may include, but are not limited to: natural disasters (e.g., earthquakes, hurricanes, floods, blizzards), wars, riots, acts of terrorism, fire, strikes, civil disorder, pandemics or other events of a similar nature. In case of such events,

BOEM will notify all qualified bidders via email, phone, or through the BOEM website at: <http://www.boem.gov/Renewable-Energy-Program/index.aspx>.

Bidders should call 703-787-1121 if they have concerns.

- e. **Withdrawal of Blocks:** BOEM reserves the right to withdraw all or portions of the Lease Areas prior to executing the leases with the winning bidders.
- f. **Appeals:** The appeals procedures are provided in BOEM’s regulations at 30 CFR 585.225 and 585.118(c). Pursuant to 30 CFR 585.225:

- (c) If BOEM rejects your bid, BOEM will provide a written statement of the reasons and refund any money deposited with your bid, without interest.

- (d) You will then be able to ask the BOEM Director for reconsideration, in writing, within 15-business days of bid rejection, under 30 CFR 585.118(c)(1). We will send you a written response either affirming or reversing the rejection.

The procedures for appealing final decisions with respect to lease sales are described in 30 CFR 585.118(c).

XXX. **Protection of Privileged or Confidential Information:** BOEM will protect privileged and confidential information that you submit, as required by the Freedom of Information Act (FOIA). 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 confidential information.

Amanda Lefton
Director, Bureau of Ocean Energy Management

Date