

## Bidding Credit – Requirements and Restrictions

### Bidding Credit Purpose and Goals

- BOEM is utilizing a multiple-factor auction format, with a multiple-factor bidding system, for this lease sale. Under this system, BOEM will consider a combination of a monetary bid and bidding credits in determining the outcome of the auction.
  - The Carolina Long Bay bidding credit is designed to enhance, through training, the offshore wind workforce or stand-up the domestic supply chain for offshore wind manufacturing, assembly, or services.
- To qualify for the bidding credit, the bidder must commit to make a qualifying monetary contribution (“Contribution”<sup>1</sup>) to programs or initiatives, as described below, 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. The Contribution must be verifiable by BOEM. Specifically, BOEM must verify both that the Contribution was made and that it was applied in the manner described by the Lessee’s conceptual strategy, submitted at the time of the bid deposit.
  - The Contribution to workforce training must result in a better trained and/or larger domestic offshore wind work force that would provide more efficient operations via an increase in the supply of fully trained personnel.
  - 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.
  - The Contribution must result in overall benefits to the offshore wind supply chain for all potential purchasers of offshore wind services, components, or subassemblies, not solely the Lessee’s project.
  - The Contribution must result in either the demonstrable development of new domestic capacity (including vessels) or the demonstrable buildout of existing capacity.
- The Contribution for workforce training and/or domestic supply chain development can be made in support of existing programs, or for the establishment of new programs or incentives associated with the planning, design, construction, operation, maintenance, or decommissioning of offshore wind energy projects, or manufacturing or assembling of their components, in the United States.
- The **Documentation** section identifies requirements to demonstrate compliance with your commitment

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<sup>1</sup> As used herein, “Contribution” means: (i) the direct transfer or payment of funds (such as, but not limited to, money, grants, financial instruments, and securities); and (ii) establishment of non-refundable monetary commitments or guarantees (such as, but not limited to, revolving funds, trusts and loan guarantees).

## **Bidding Credit – Forms of Contribution**

- Contributions to workforce training must be one of the following:
  - 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.
  - 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.
  - 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.<sup>2</sup>
  - 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.
  - See: **Workforce Training Credit – Specific Requirements and Restrictions** for additional conditions on this credit.
- Contributions to domestic supply chain development must be one of the following:
  - 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.
  - Contributions to domestic tier-2<sup>3</sup> and tier-3<sup>4</sup> offshore wind component suppliers and domestic tier-1<sup>5</sup> supply chain efforts, including quay-side fabrication.
  - Contributions for technical assistance grants to help U.S. manufacturers re-tool or certify (e.g., ISO-9001) for offshore wind manufacturing.
  - Contributions for the development of Jones Act-compliant vessels for the construction, servicing, and/or decommissioning of wind energy projects in the United States.

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<sup>2</sup> <https://www.bls.gov/ooh/installation-maintenance-and-repair/wind-turbine-technicians.htm#tab-4>

<sup>3</sup> Tier 2: Subassemblies are the systems that have a specific function for a Tier 1 component. They may include subassemblies of a number of smaller parts, such as a pitch system for blades. Tier 2 manufacturers contract with Tier 1 suppliers as a subcontractor or vendor.

<sup>4</sup> Tier 3: Subcomponents are commonly available items that are combined into Tier 2 subassemblies, such as motors, bolts, and gears. Tier 3 manufacturers are typically vendors that provide components to Tier 2 suppliers.

<sup>5</sup> Tier-1 components examples include the primary offshore wind components such as the blades, nacelles, towers, foundations, and cables. Tier-1 components are the major products that are purchased by an offshore wind project developer, such as the wind turbine, foundation, or cables. Tier 1 suppliers are primary suppliers that contract directly with the project developer. Contributions for tier-1 supply chain development can include infrastructure necessary for quay-side manufacturing, fabrication, or assembly.

- 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.<sup>6</sup>
- 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.
- See: **Domestic Supply Chain Credit – Specific Requirements and Restrictions** for additional conditions on this credit.

### **Documentation Requirements**

The Lessee will commit to making its Contribution in general accordance with the conceptual strategy submitted with the Bid Deposit.

- Your conceptual strategy will be reviewed by the Auction Panel pursuant to the guidelines above. The strategy must explain how the Lessee will select Contribution recipients and the process for documentation and verification once the Contribution has been made.
- The documentation must allow BOEM to objectively 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.
- 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.

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<sup>6</sup> A disadvantaged business entity would be one at least 51% owned and controlled by a socially and economically disadvantaged individual or individuals as defined by the Small Business Administration (<https://www.sba.gov/federal-contracting/contracting-assistance-programs/small-disadvantaged-business>).

- 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.

### **Bidding Credit Requirements and Restrictions**

- The Contribution must be made by the Lessee, its parent company, or affiliated entities (e.g., project company).
- Contributions must be made to (i) private, public, or municipal corporations, companies, associations, partnerships, and other legal entities organized under the laws of any State of the United States, the District of Columbia, or any territory or insular possession subject to U.S. jurisdiction; (ii) an executive Agency of the United States as defined in section 105 of Title 5 of the U.S. Code; or (iii) a State of the United States or a political subdivision thereof.
- The Lessee, its parent company, or its affiliated entities are not permitted to retain an ownership/equity interest in the entity receiving the Contribution or directly receive goods, services, or other compensation as a result of the Contribution itself.
- The Lessee and any future assignee(s) of the Lease are bound by the bidding credit requirements included in 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.<sup>7</sup>

### **Workforce Training Credit – Specific Requirements and Restrictions**

- All offshore wind Lessees must have the opportunity to hire individuals trained in programs that benefited from the Contribution. Trainees cannot be contractually required to enter into employment agreements with either the Lessee making the Contribution or the entity providing the training.
- The workforce training must be provided in the United States and to citizens of the United States, nationals of the United States, or aliens lawfully admitted for permanent residence in the United States as defined in 8 U.S.C. 1101(a)(20).
- The training must be provided by any of the following:
  - Private, public, or municipal corporations, companies, associations, partnerships, and other legal entities organized under the laws of any State of the United States, the District of Columbia, or any territory or insular possession subject to U.S. jurisdiction;

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<sup>7</sup> BOEM may, at its sole discretion, extend the documentation deadline beyond the FDR or the 10-year timeframe stated in this paragraph. The interest rate is the underpayment interest rate published by ONRR.

- Executive Agency of the United States as defined in section 105 of Title 5 of the U.S. Code; or
  - State of the United States or a political subdivision thereof.
- Training of existing Lessee employees, Lessee contractors, or employees of affiliated entities companies will not qualify under this Contribution.

**Domestic Supply Chain Credit – Specific Requirements and Restrictions**

- Contributions must be made to programs supporting the development of the offshore wind supply chain or must be direct Contributions for manufacturing or other services supporting the offshore wind industry.
- Contributions cannot be made to associates of the Lessee or to a purchase or work order. This credit must further the overall buildout of the offshore wind domestic supply chain without a quantifiable benefit to the Lessee.

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