

**New York Bight Draft Proposed Sale Notice Summary
for the New York Bight Intergovernmental Task Force Review**

Purpose: The purpose of this document is to outline the basic principles and major decision points BOEM is considering as it develops a Proposed Sale Notice (PSN) for the New York Bight. BOEM will convene the New York Bight Intergovernmental Task Force (Task Force) on April 14 and 16, 2021, to gain input on the PSN and update members on recent planning activities.

Background: On April 11, 2018, BOEM published a Call for Commercial Leasing for Wind Power on the OCS in the NY Bight. BOEM delineated the Call Areas in consultation with numerous parties and information sources, including the State of New York and the Intergovernmental Renewable Energy Task Force. Prior to a November 2018 Task Force meeting, BOEM released Draft Wind Energy Areas (WEAs) in the New York Bight.

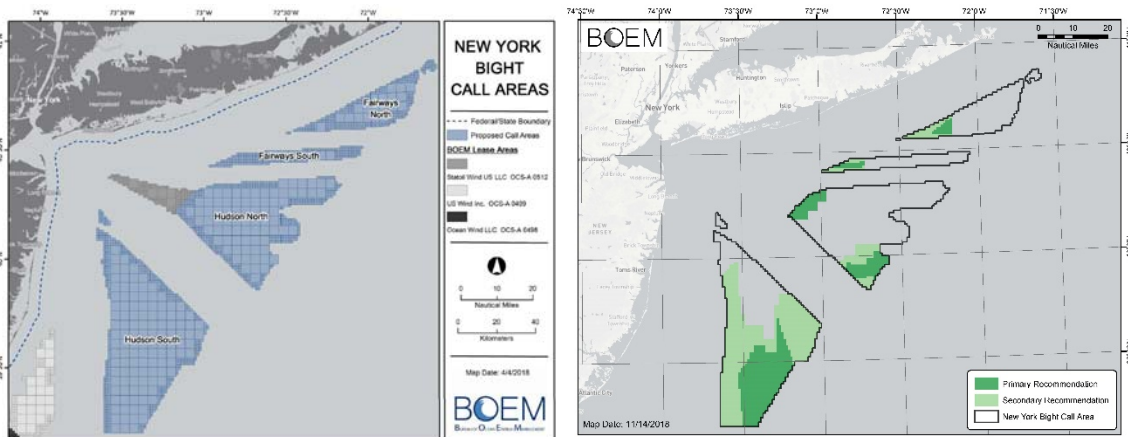


Figure 1: NY Bight Call Areas and Draft Wind Energy Areas

Based on feedback from that meeting, and the comments received in response to the Call, and analysis of new information obtained since the call comment period closed, BOEM released final WEAs on March 29, 2021. Detailed information and graphics can be found on BOEMs website:

<https://www.boem.gov/renewable-energy/state-activities/new-york-bight>

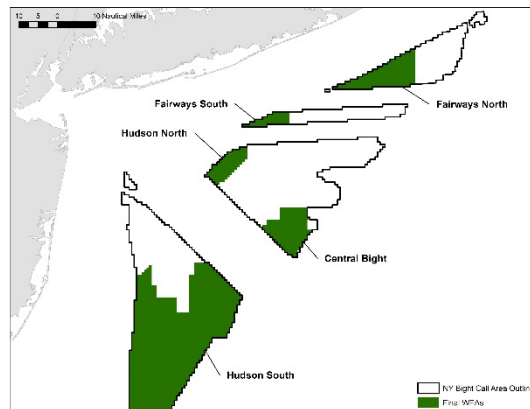


Figure 2: Final Wind Energy Areas

The next step in the leasing process, as depicted in Figure 3, is the development of an environmental assessment and leasing documents, including a PSN.

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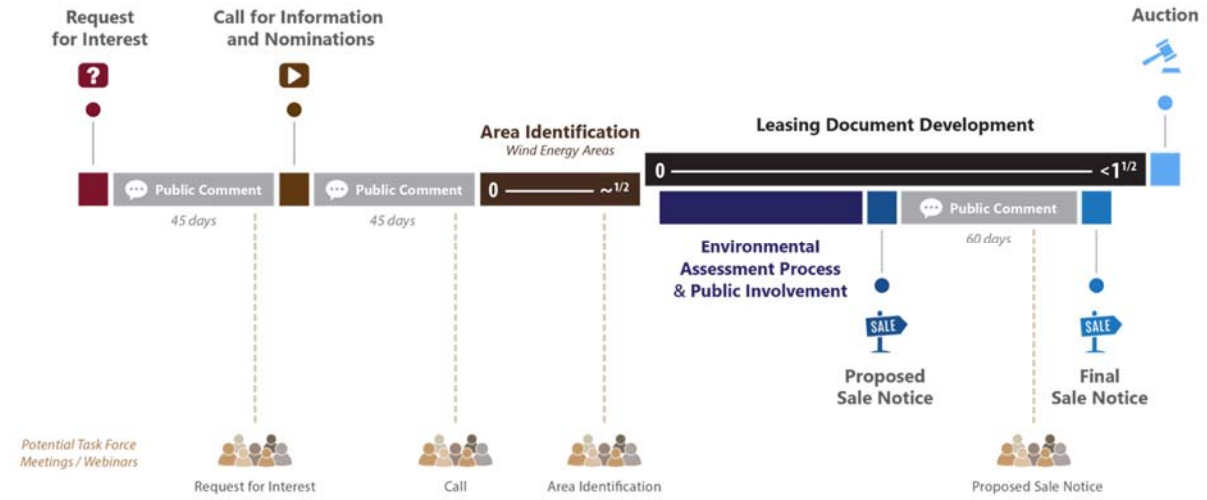


Figure 3: BOEM leasing process from a Request for Interest to a Lease Auction

Summary of the Proposed Sale Notice for the New York Bight

BOEM is soliciting feedback on a PSN for the New York Bight. The following is a summary of major aspects of the PSN.

I. AREA PROPOSED FOR LEASING

BOEM has identified eight potential lease areas for discussion with the Task Force (see Table 1 and Figure 4). The draft lease areas include the entirety of the Hudson North and Central Bight WEAs as well as subdivided portions of Hudson South (A, B, C, D, E & F). Hudson South was subdivided so that each proposed lease area:

- is of roughly equal commercial viability and size;
- includes transit lanes to account for vessel traffic patterns, fisheries, and DoD concerns;
- is laid out in a manner to reduce wake effect; and
- facilitates fair return to the government pursuant to the Outer Continental Shelf Lands Act.

The proposed transit lanes' locations were informed by a New York State Energy Research and Development Authority (NYSERDA) workshop report on fisheries transit and analysis of traffic patterns. The lanes are 2.44 nautical miles in width based on a formula for marine navigation lanes through wind farms by the Permanent International Association of Navigation Congress (PIANC).¹

BOEM is aware of outstanding conflicts with the USCG and DOD regarding Hudson North and proposed lease area A of Hudson South. BOEM looks forward to working with the Task Force to identify a path forward. For more information regarding the DoD's evaluation, please see the December 15, 2020, letter from the DoD Military Aviation and Installation Assurance Siting Clearinghouse to BOEM that is included in the package to the Task Force.

The Fairways North and South WEAs are not being considered for leasing at this time due, in part, to conflict with the proposed tug and tow fairway, maritime traffic concerns, commercial fisheries and commercial viability. They may, however, be considered for a future sale and remain WEAs to be analyzed in the scope of the Environmental Assessment.

GIS information for the WEAs and proposed lease areas can be found on our website here:

<https://www.boem.gov/renewable-energy/state-activities/new-york-bight>

¹ Permanent International Association of Navigation Congresses (PIANC) (2018, March). Interaction Between Offshore Wind Farms and Maritime Navigation (MarCom WG Report No. 161 - 2918). ISBN: 978-2-87223-250-5. Pg. 24.

Table 1: NY Bight Proposed Lease Areas Descriptive Statistics

Lease Area	Acres	Installation Capacity (MW) ²	Homes powered ³	Power Production (MWh/yr) ⁴
Central Bight	84,688	1,028	359,857	3,602,678
Hudson North	43,056	523	182,954	1,831,628
A	85,755	1,041	182,954	3,648,088
B	84,332	1,024	358,344	3,587,533
C	80,062	972	340,200	3,405,885
D	76,504	929	325,081	3,254,525
E	85,044	1,032	361,369	3,617,822
F	87,890	1,067	373,462	3,738,893
Total	627,331	7,616	2,665,659	26,687,052

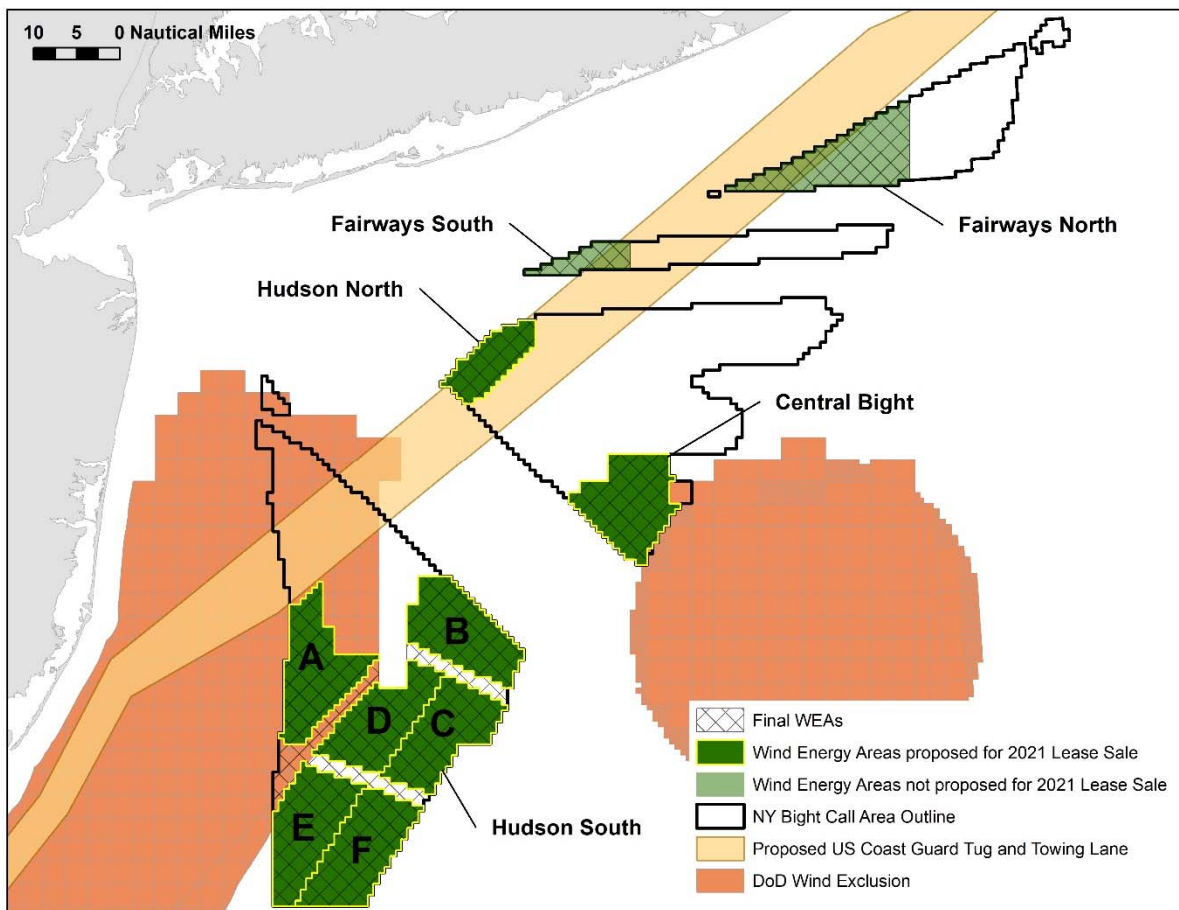


Figure 4: Recommended 2021 Lease Areas in the NY Bight

² Megawatts (MW) based upon 3MW/sqkm. Note this energy density conversion ratio is conservative, BOEM is reviewing COPs for projects with twice the energy density used here.

³ Based upon 350 homes per MW

⁴ Megawatt hours per year (MWh/yr) Formula = Capacity (MW) * 8760 (hrs/yr) * 0.4 (capacity factor)

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II. PARTICIPATION IN THE PROPOSED LEASE SALE

The following entities are already qualified to participate in an upcoming sale through their response to the Call for Information and Nominations or submission of qualification materials and are not required to take any additional action to affirm their interest.

Company Name	Company No.
Avangrid Renewables, LLC	15019
East Wind LLC	15076
EDF Renewables Development, Inc.	15027
Equinor Wind US LLC	15058
Horizon Wind Power LLC	15081
IRUS Offshore Wind Holdings LLC	15061
PNE USA, Inc.	15056
US Wind Inc.	15023
Invenergy Wind Offshore LLC	15091

III. TOPICS OF DISCUSSION AND QUESTIONS FOR TASK FORCE MEMBERS

Please review the topics and questions below and be prepared to provide feedback at the Task Force meeting, as appropriate. If written comments are preferred, please strive to submit them via email to luke.feinberg@boem.gov for consideration by COB Friday April 16, 2021.

a. *Number, size, orientation, and location of the proposed lease areas.*

Eight lease areas are proposed for consideration at the Task Force meeting. BOEM is seeking feedback on the proposed number, size, orientation, and location and welcomes comments on which lease areas, if any, should be prioritized for inclusion, or exclusion, from this lease sale and/or future lease sales. Alternative subdivisions and the associated reasoning behind them are encouraged.

b. *Transit corridors*

BOEM welcomes comments on whether and where transit corridors may be necessary within the New York Bight WEAs and comments on how and whether these transit corridors should be incorporated into future lease agreements.

c. *Minimum bid*

BOEM's recent lease sales offshore Massachusetts and New York demonstrated significantly more demand for leases than prior sales and the associated auctions lasted multiple days. BOEM is proposing to increase the minimum bid from \$2.00 to \$100.00 per acre.

d. *Operations term:*

In the most recent Massachusetts sale, leases were offered with 33-year operations terms. From your perspective, have there been any substantive changes in that time that would suggest BOEM should consider an alternative operations term?

e. *Transmission:*

BOEM recognizes that any path to achieving a large-scale introduction of offshore wind energy into the grid will require transmission solutions that go beyond traditional radial

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connections and significant grid upgrades. We look forward to continued dialog with the Task Force and interested parties as we explore solutions to this challenge.

f. Limits per bidder:

BOEM may limit bidders to one or two lease areas depending the number of lease areas offered. If BOEM offers all eight lease areas, bidders may be allowed to win a maximum of two leases. If six areas are offered, BOEM is considering limiting bidders to winning one lease area. BOEM invites comments on possible bidding limitations for offshore wind lease areas.

g. Visual Impacts:

BOEM seeks input on what are the most sensitive views from onshore? What Key Observation Points should BOEM use for its visual impact assessment?

h. Landfall locations:

BOEM seeks input on what landfall locations for transmission interconnection points should be avoided due to their ecological or culturally sensitive nature?

IV. LEASE TERMS AND CONDITIONS

As BOEM learns from experience and refines processes with our federal, state, local and tribal partners we strive to capture these lessons learned in updated lease stipulations. A draft lease, which would be applied to each lease offered for sale, has been provided to the Task Force for review. The following is a summary of the proposed changes using our most recent lease from OCS-A 0520-0522 as a baseline.

1. Addendum B - Lease Term and Financial Schedule

BOEM is proposing to adjust some of the financial lease terms in recognition of the changing US Offshore Wind market. Specifically, BOEM is seeking feedback on proposals to increase the auction bid deposit and minimum bid to attract committed bidders and improve auction efficiency. Additionally, BOEM is proposing several simplifying revisions to the operating fee. These changes include eliminating the inflation adjustment, moving from a weighted peak/off-peak benchmark power price to a simple hourly average and eliminating the 10 percent limit to the capacity adjustment each five years. These changes are designed to simplify the operating fee calculations and 5-year capacity factor adjustment. These proposed changes will have minimal impact on operating fee payments by developers.

Table 2: Proposed Financial Term Changes

	Prior Leases	Proposed
Operating Fee	2% of proxy wholesale revenues	2% of proxy wholesale revenues (NYSIO NYC (Zone J)). Simplifying changes to operating fee formulation.
Bid Deposit	\$450,000	\$5,000,000
Minimum Bid	\$2 per acre	\$100 per acre
Operations Term	33 years	33 years

2. Addendum C - Lease-Specific Terms, Conditions, and Stipulations

Updated Lease Stipulations Regarding Protected Species

In October 2018, BOEM initiated formal consultation with National Marine Fisheries Service (NMFS) under Endangered Species Act (ESA) Section 7 to update the project design criteria (PDCs) and best management practices (BMPs) to be more consistent with recent incidental harassment authorizations (IHAs) issued by NMFS for site survey and data collection activities.

In January 2020, BOEM agreed to convert the formal consultation to a programmatic informal consultation with NMFS limited to surveys and installation of met buoys associated with leases. These include geophysical surveys supporting offshore wind energy projects under the Marine Mammal Protection Act, and the most up-to-date information on sound propagation from geophysical survey equipment, vessel strike avoidance measures, and protected species observer review procedures. Adopting these measures would reduce the number of requests by lessees to modify their lease stipulations to be consistent with their respective IHAs, which in turn reduces compliance burdens on BOEM as well as the lessees.

Thus, BOEM recommends that exclusions zones for sound propagation from geophysical survey equipment, vessel strike avoidance measures, and protected species observer procedures no longer be specified in the lease stipulations.

BOEM also recommends modifying existing leases to remove the requirement for lessees to meet with BOEM prior to holding tribal pre-survey meetings, which would allow lessees more flexibility in timing of tribal pre-survey meetings, possibly holding them earlier and allowing for greater opportunity for tribal input.

Finally, BOEM recommends changing the requirement for a pre-survey meeting with BOEM to be optional at the discretion of BOEM. The programmatic agreement with NMFS has not been officially instated yet, however BOEM seeks input on these potential changes to lease stipulations.

Potential DOD Lease Stipulation

In a December 15, 2020 letter, the Military Aviation and Installation Assurance Siting Clearinghouse stated that:

“Development in the NY Bight Call Areas will adversely impact the U.S Air Force Weather Divisions NEXRAD weather radar by limiting the ability to track tropical storms moving towards the area if turbines are built in the Hudson South area at a turbine height above 1000 feet. Mitigation would include utilizing any of the other potential build areas or having turbines in Hudson South that are shorter than 1000 ft. above sea level.”

To address this concern, BOEM is considering the inclusion of a lease stipulation for leases located within the Hudson South WEA that would prohibit the development of structures more than 1000 ft above sea level, unless otherwise approved by BOEM.

V. AUCTION PROCEDURES

As authorized under 30 CFR 585.220(a)(2) and 585.221(a)(1), BOEM proposes to use an ascending bidding auction with cash as the bid variable for this lease sale. BOEM proposes to start the auction using the minimum bid prices for each lease area and increase those prices incrementally until no more than one active bidder per lease area remains in the auction. If BOEM offers eight lease areas, BOEM is considering limiting bidders to bidding on two lease areas. If six lease areas are offered, BOEM may limit bidders to one lease area.

- a. At the start of each bidding round, BOEM will state an asking price for each lease area. If a bidder is willing to meet the asking price for one of the lease areas, it will indicate its intent by submitting a bid equal to the asking price. If there are two or more live bids for at least one lease area, the auction moves to the next round. BOEM will raise the asking price for each lease area that has received two or more live bids in the previous round.
- b. Between rounds, BOEM will disclose to all bidders: (1) the number of live bids (including bids carried forward) for each lease area in the previous round of the auction (i.e., the level of demand at the asking price); and (2) the asking price for each lease area in the upcoming round of the auction.
- c. 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.
- d. As soon as each of the Lease Areas has one or zero live bids (including bids carried forward), the auction is over. The provisionally winning bid for a lease area will be the highest bid received for that lease area in the final round.

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