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August 22, 2024

Full Speed Ahead—BOEM's Offshore Wind Leasing Strategy Sailing Toward Full Implementation in 2024



Notwithstanding supply chain challenges, canceled power purchase agreements, and general economic and political uncertainty, the Bureau of Ocean Energy Management (BOEM) has continued its push to implement its [renewable energy leasing schedule](#) announced in 2021 and April 2024 [renewable energy leasing plan](#) to hold up to 12 additional lease sales starting May 1, 2024.

BOEM has published final environmental assessments for October 2024 lease sales for the Gulf of Maine and offshore Oregon, relaunched the offshore wind planning process in Hawaii, and on August 14, 2024, held a successful lease sale in the Central Atlantic offshore Delaware, Maryland, and Virginia, drawing bids of over \$92 million, immediately followed by a Call for Information and Nominations (Call) for a second regional offshore wind energy sale in the Central Atlantic offshore New Jersey, Delaware, Maryland, and Virginia. While it may have diverted from its plan to conduct a second Gulf of Mexico lease auction due to lack of industry interest, BOEM still is considering commercial offshore wind development in the area through a Request for Competitive Interest for two lease areas in Wind Energy Areas (WEAs) offshore Texas. Finally, on August 19, 2024, BOEM executed the nation's first floating offshore wind energy research lease with the state of Maine.

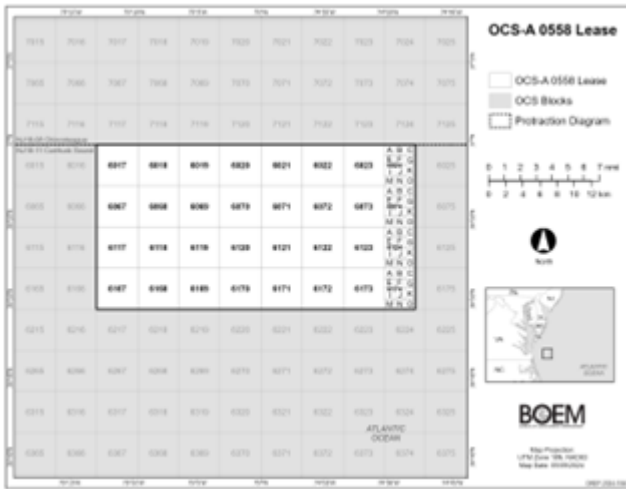
Successful Central Atlantic 1 Offshore Wind Sale Followed by a Call for a Second Central Atlantic

Central Atlantic 1 Lease Sale

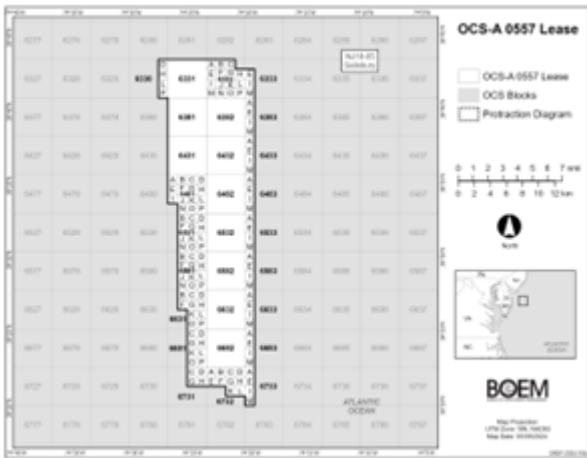
On August 14, 2024, following an auction in which six bidders participated, BOEM issued two leases for areas in the Central Atlantic for more than \$92 million. The sale resulted in \$23 million in total bidding credits, which will provide over \$11 million in investments for workforce training and domestic supply chain, and an additional \$11 million for fisheries compensatory mitigation. [\[1\]](#)

Dominion Energy was the sole bidder for and provisionally won for \$17,650,00 a lease of 176,505 acres, 35 nautical miles from the entrance to the Chesapeake Bay. Dominion Energy's new lease area, which could

provide between 2.1 and 4 GW of power, is adjacent to its 113,000 acre 2.6 GW Coastal Virginia Offshore Wind (CVOW) project, which has installed the 54th monopile of its planned 176 turbine project and is scheduled to complete construction in late 2026. The provisional win follows the regulated utility’s acquisition of the 40,000-acre Kitty Hawk North lease area, renamed CVOW South, off the coast of North Carolina.



Following five rounds of bidding, Equinor Wind US LLC successfully outbid five competitors to provisionally win for \$75 million a second lease area consisting of 101,463 acres, 26 nautical miles from Delaware Bay. According to BOEM, the lease area has the potential to produce up to 2 GW of power. With its winning bid, Equinor has expanded its lease holdings in the United States. Currently, Equinor is developing the Empire Wind Projects in the New York Bight, and the Atlas Wind Project offshore the Central Coast of California.

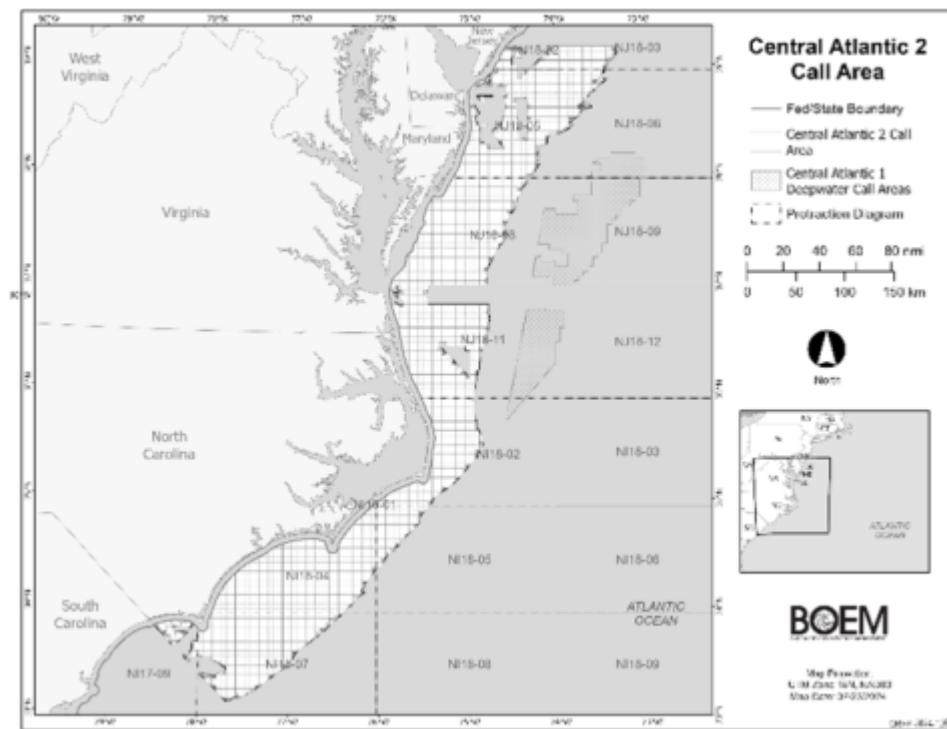


The Central Atlantic lease sale builds on the momentum of Maryland and BOEM’s June 7, 2024, [Memorandum of Understanding](#), which seeks to support continued development of offshore wind generation off the coast of Maryland. Notably, Equinor has the opportunity to take advantage of Maryland’s new goal of 8.5 GW of power by 2031 set forth in the [POWER Act](#) passed in April 2023[2] and the [Delaware Energy Solutions Act of 2024](#), which directs one or more solicitations to procure 1,200 MW of power, either solely for Delaware or in coordination with other states, and is currently await Governor John Carney’s signature.

Call for Information and Nominations for Central Atlantic 2 Lease Sale

On August 20, 2024, BOEM kickstarted the process for a second lease sale in the Central Atlantic through a [Call for Information and Nominations](#).[3] The Call seeks public feedback by October 21, 2024, on leasing within 13,476,805 acres off the New Jersey,[4] Delaware, Maryland, Virginia, and North Carolina coasts. According to

BOEM's renewable energy leasing schedule, the Central Atlantic 2 lease sale would occur in 2026.^[5]



The acreage identified in the Call Area was informed by a series of meetings with each state to assess their interest in pursuing additional planning for lease sales to support their offshore wind goals. According to the Call, North Carolina expressed interest in identification of areas to accommodate 3.0 GW of capacity to fulfill its 8 GW by 2040 goal, Maryland expressed interest in additional areas to accommodate between 1.5-4.0 GW to meet its 8.5 GW by 2031 goal. As noted above, Delaware recently passed an Act authorizing procurement of up to 1.2 GW through multiple projects. With this input, the feedback of multiple federal agencies,^[6] comments of multiple stakeholders on potential impacts or benefits of the areas, and comprehensive spatial analyses, BOEM moved forward with the proposed Call area. The next steps of Area Identification will follow public input and continued coordination with the Central Atlantic Intergovernmental Renewable Energy Task Force. As with past lease sales, BOEM will also partner with NOAA's National Centers for Coastal Science Partnership (NCCOS) to build upon prior spatial analyses.^[7]

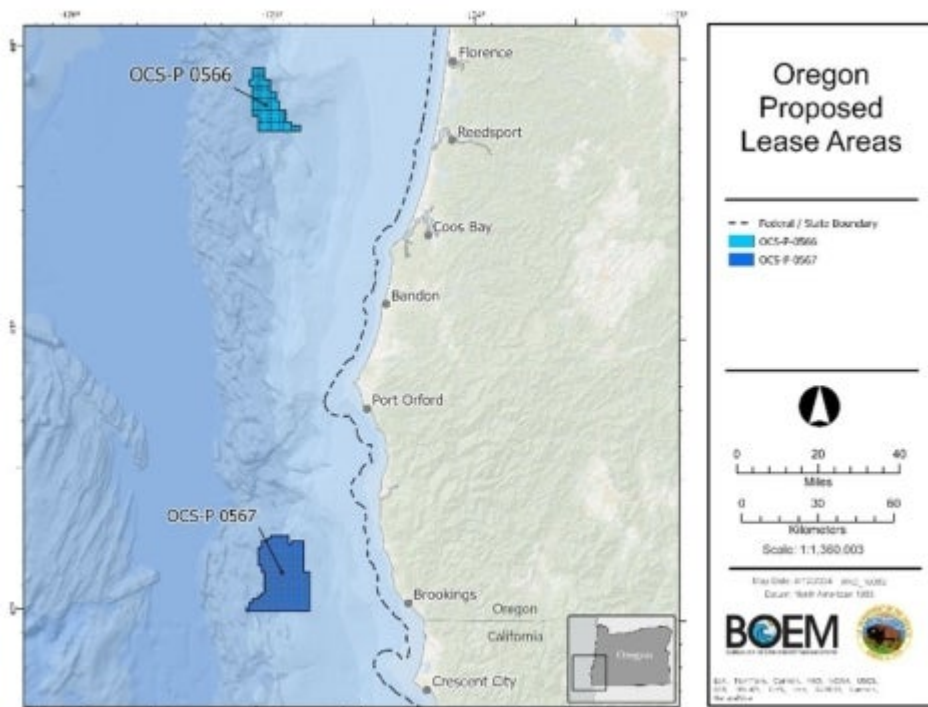
Consistent with its continued focus on opportunities for shared transmission and known constraints, BOEM notably seeks expressions of general interest by developers in the potential development and use of shared transmission infrastructure. This could include "agreements among offshore wind lessees for shared systems or the independent development of transmission systems, including backbone or networked systems." BOEM emphasizes in the Call that "for independent systems, BOEM may need to issue a Right of Way Grant or Right of Use Easement, which would involve a separate process from the competitive lease sale that may result from Central Atlantic 2."^[8] BOEM also comments in the Call that it "recognizes that the region identified could interconnect in both the PJM area or independent states and, therefore, is interested in receiving feedback on obstacles and opportunities for interregional systems."

During the comment period, BOEM will host five in-person public meetings in September and a virtual meeting in October. To attend, go to the [Central Atlantic 2 Call Public Meeting](#) page.

Final Environmental Assessments and Proposed Sale Notices in the Gulf of Maine and Oregon

Oregon

On August 13, 2024, BOEM published its [Final Environmental Assessment for Commercial Wind Issuance](#)[9] (Final EA) for two areas offshore Oregon that it proposes to offer in a lease auction currently planned for October 2024. This follows the [Proposed Sale Notice](#) published on April 30, 2024.[10] The Final EA concluded that there was no significant environmental impact to marine resources. BOEM also made a [Finding of No Historic Properties Affected](#) for its issuance of a commercial lease for Coos Bay and Brookings Wind Energy Areas offshore Oregon pursuant to Section 106 of the National Historic Preservation Act and its implementing regulations. BOEM issued the Final EA after extending the comment period on the draft EA and holding additional public meetings. BOEM published a [High-Level Summary of the Draft Environmental Assessment Comments](#) along with the Final EA.[11] Recognizing the concerns that had been voiced regarding leasing in these areas, BOEM also held two virtual meetings to solicit public input on the Proposed Sale Notice, including one focused on topics related to Oregon Fisheries.



Gulf of Maine

BOEM issued a [Proposed Sale Notice for Commercial Leasing](#) in the Gulf of Maine on May 1, 2024, followed by a [Draft Environmental Assessment](#) on June 20, 2024.[12] The eight proposed lease areas expected to be offered in the October 2024 lease sale[13] are approximately 120,000 acres. Several of the lease areas in the southern region of the final Wind Energy Area are subject to lease stipulations that would prohibit surface or subsurface (*i.e.*, floating foundations, mooring lines, anchor structures, or inter-array cables) development along specific lease borders.



Concerns surrounding the impact of floating offshore structures and transmission cables in the Gulf of Maine on the fishing industry, including access constraints, displacement, and scientific surveys, and on endangered species, maritime safety, and navigation, among others, have been expressed in public comments on the PSN and Draft EA.[\[14\]](#) Proposed lease stipulations with environmental and other mitigation measures also have been recommended. The Final EA is still pending but expected to be published soon to meet BOEM's goal of holding a lease sale in October 2024.

BOEM and State of Hawai'i Relaunch Offshore Wind Planning Process

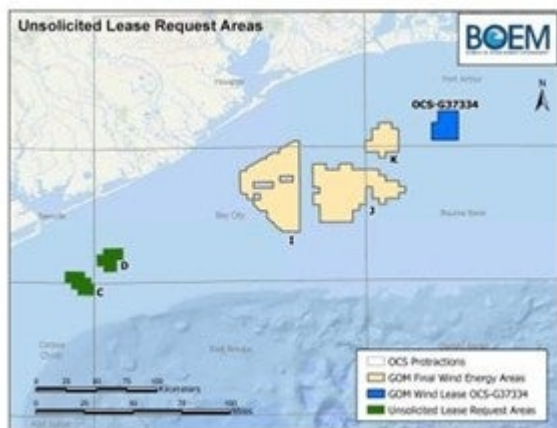
On August 12, BOEM announced it would partner with the state of Hawai'i to hold a meeting of the [Hawai'i Intergovernmental Renewable Energy Task Force](#). The August 22, 2024, meeting will be the first convened since [May 2016](#). BOEM and the state will provide an overview of Hawai'i's renewable energy goals and an update on the offshore wind planning status and the studies that have been conducted in that region. An opportunity for public comment will be provided.[\[15\]](#)

The task force meeting follows the publication in May 2023 of Hawaiian Electric's [Integrated Grid Plan](#) (IGP). The IGP, which was accepted by the Public Utilities Commission on March 7, 2004, details the pathway to Hawai'i's clean energy future by using 100% renewable resources and net-zero carbon emissions by 2045 (Hawaiian Electric 2023).[\[16\]](#) The IGP Action Plan's Resource Plan for Oahu includes 400MW of new Offshore Wind and 140MW 560MWh Standalone BESS as part of a Long Term RFP.

To support successful deployment of offshore wind off the coast of Hawai'i, BOEM recently undertook a study to assess port infrastructure needed to support floating wind. The [Hawai'i Floating Offshore Wind Regional Ports Assessment](#), published July 31, 2024, analyzes the current and planned infrastructure of Hawaii's ports to assess their ability to support the growing floating offshore wind industry's demand and outlines port requirements and deployment scenarios to support the industry. The report conducts a regional feasibility analysis of existing and planned port facilities and infrastructure. BOEM has also commissioned a study on [Evaluating Hawaiian Fisheries and Potential Impacts of Offshore Wind Energy Development](#), which is due September 18, 2025. That study is intended to collect information on fisheries to enable early and effective outreach and to inform impacts analyses under the National Environmental Policy Act and the Coastal Zone Management Act.

Proposed Second Auction in the Gulf of Mexico Canceled: BOEM Issues Request for Competitive Interest

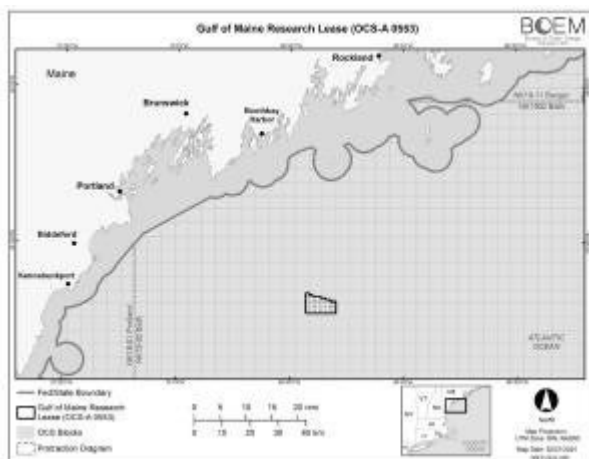
On March 21, 2024, BOEM issued a Proposed Sale Notice for four WEAs offshore Louisiana. Having only received one bid from a qualified company, BOEM decided to cancel the lease sale and move forward with an unsolicited application for two leases submitted by Hecate Energy Gulf Wind LLC for a 2 GW 133 fixed-bottom turbine project in WEA option C (totaling 74,240 acres) and WEA option C (totaling 68,288 acres) offshore Texas.



On July 29, 2024, BOEM published a [Request for Competitive Interest](#) for Commercial Leasing, soliciting indications of interest for two leases in these areas. The RFCI also solicits input on the potential environmental consequences associated with development in those areas and existing and planned multiple uses of the areas. BOEM's conducted [programmatic environmental assessment](#) (EA) and programmatic consultations in the Call Area of the Gulf of Mexico, which considered the environmental consequences associated with issuing 18 commercial wind energy leases within the Call Area, including within the two areas considered in the RFCI.

BOEM Executes Lease Agreement With the State of Maine for a Floating Wind Research Lease

Wrapping up its summer leasing activity, on August 19, 2024, BOEM and the state of Maine announced their execution of the first floating wind [Research Lease](#) for an area totaling 14,945 acres off the coast of Maine.



The lease, effective September 1, 2024, grants the state of Maine the rights and privileges to submit a Site Assessment Plan (SAP) and Research Activities Plan under 30 CFR §§ 585.626-585.629 for wind energy facilities and to conduct activities in the approved SAP or RAP. The state of Maine has the right under 30 CFR § 585.200(b) 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.” The State of Maine must relinquish all nondevelopable area with the lease within 90 days following BOEM’s approval of its RAP.

The RAP must meet the requirements of a Construction and Operations Plan.^[17] As with commercial leases, the research lease is accompanied by an extensive set of lease-specific terms related to site characterization, reporting,^[18] national security, project labor agreements, and siting conditions.^[19] In particular, the state of Maine must provide research site access, collaborate with researchers, develop a process to make data available at no cost, and finalize a plan for that process by September 1, 2025. Any power purchase agreement related to the lease must also comply with applicable state law, including Maine Public Law 2021, Chapter 327.^[20]

Conclusion

BOEM has clearly taken on the challenge of meeting the ambitious leasing schedule set in 2021. It has held five offshore wind lease auctions, including one in the New York Bight that brought in more than \$4.3 billion, and the first wind lease sales in the Pacific and California, and looks to be on track for two more floating wind lease sales in October 2024. Whether BOEM is able to continue on its current path to execute its plans for nine additional lease sales through 2028, including the Central Atlantic 2 sale planned for 2026, may well depend, however, on the results of the November election.

Endnotes

[1] BOEM used a multiple-factor format for the lease sale, which included the opportunity for a bidder to submit qualify for bidding credits. To qualify for those credits, the bidder was required to submit a Conceptual Strategy that met the requirements in the [Addendum to the Bidder's Financial Form](#).

[2] For more information on the POWER Act, please see our prior [alert](#).

[3] Commercial Leasing for Wind Power Development on the Central Atlantic Outer Continental Shelf – Central Atlantic 2 - Call for Information and Nominations (Central Atlantic 2 Lease Sale), BOEM-2024-0040 (Aug. 22, 2024).

[4] New Jersey was not considered within the Central Atlantic 1 lease sale.

[5] BOEM Renewable Energy Leasing Schedule for the Five -Year Period Starting May 1, 2024 (Apr. 2024) at 6.

[6] These agencies include NOAA, the U.S. Fish and Wildlife Service, the Department of Defense (DOD), and the U.S. Coast Guard (USCG). BOEM will continue to coordinate with DOD to assess compatibility with DOD activities; USCG to ensure WEAs and fairways in the Atlantic Coast Port Access Route Study; NASA on potential hazard areas related to launch and flight operations from the Wallops Flight Facility; and NPS National Park System Units.

[7] Central Atlantic 2 Lease Sale at 15-16.

[8] Such a process would be conducted under 30 CFR 585.300.

[9] Final Environmental Assessment, Commercial Wind Lease Issuance on the Pacific Outer Continental Shelf, Offshore Oregon Environmental Assessment, BOEM 2024-045 (August 2024).

[10] We discuss Oregon's Draft Environmental Assessment and Proposed Sale notice in a prior [alert](#). See also our [alert](#) providing a deep dive in BOEM's designation of final WEAs and studies related to offshore wind in Oregon.

[11] This summary is traditionally found in an Appendix to Final EA.

[12] We discuss in depth both the Proposed Sale Notice in a prior [alert](#). That alert also provides detail regarding the State of Maine's Request for Information for Commercial offshore wind development in the Gulf of Maine. See also our prior [alert](#) on BOEM's draft Environmental Assessment and designation of final Wind Energy Areas.

[13] BOEM plans a phased leasing approach with the first sale to take place in October 2024; and the second in 2028.

[14] The Office of National Marine Sanctuaries within the National Oceanic and Atmospheric Administration recommended in a [comment](#) on the PSN that BOEM begin early coordination with other federal agencies to develop permitting guidance and clarification of authorities for cable laying and maintenance that could be used to evaluate applications for transmission cables proposed to occur in Stellwagen Bank National Marine Sanctuary. U.S. Department of Commerce, National Oceanic and Atmospheric Administration, Docket Number BOEM-2024-0026,

Comments on the Gulf of Maine Outer Continental Shelf Proposed Sale Notice (July 1, 2024) at Attachment C.

[15] Registration for the meeting can be found [here](#).

[16] The IGP Action Plan Annual Update can be found [here](#).

[17] *Research Lease of Submerged Lands for Renewable Energy Activities on the Outer Continental Shelf*, OCS-A 0533 (Sept. 1, 2024) at Addendum C, page C-2.

[18] The State of Maine must submit a progress report every six months that describes the overall progress since the last report and includes a description of the state of the science, public and tribal engagement, and a section on plans to communication with fisheries, federally recognized Tribes, and agencies. Like commercial wind leases, the State must develop a Fisheries Communication Plan, Native American Tribal Communication Plan, and Agency Communication Plan. *See id.* at C-6 - C-10.

[19] *Id.* at Addendum C.

[20] *See id.* at C-4.

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