

Offshore Wind Energy Momentum Continues

The Bureau of Ocean Energy Management (BOEM) held its second offshore wind lease sale of 2022 off the East Coast on May 11, bringing in \$315 million from two lease areas in the Carolina Long Bay. The lease sale was unique in its use of a multifactor auction format with a multifactor bidding system to incentivize deconfliction with other ocean users and investment in offshore wind job training and infrastructure. The Carolina Long Bay auction format indicates an evolution that can be expected to continue in future auctions, including BOEM's first offshore wind lease sale off the coast of California, expected later this year. BOEM also recently initiated the first steps of offshore wind leasing off the coast of Oregon and in deeper water off the Central Atlantic coast and has relaunched the task force process in the Gulf of Maine.

Carolina Long Bay Offshore Wind Leases Sell for \$315 Million

BOEM held its most recent auction of two lease areas totaling 110,091 acres in the [Wilmington East Wind Energy Area](#) (WEA), off the coast of North and South Carolina. The two wind energy lease areas sold for a total of [\\$315 million](#) to TotalEnergies Renewables USA, LLC and Duke Energy. TotalEnergies, which recently won a lease in the [New York Bight](#) and [joined Trident Winds](#) in the Castle Wind LLC joint venture to develop a floating offshore project in California, won one of the sites with a bid of \$160 million, and Duke Energy secured the other for \$155 million. Once developed, [BOEM expects](#) the two lease sites to produce at least 1.3 GW of energy, which can power 500,000 homes. The lease sale comes just weeks before a 10-year moratorium begins on new leasing for the [Mid-Atlantic and South Atlantic](#) areas of the Outer Continental Shelf, a ban that the [Trump administration ordered](#) shortly before leaving office.

North Carolina has a [clean energy mandate](#), passed just last year, that requires carbon emissions from the electric power sector to be 70% below 2005 levels by 2030, and requires net-zero emissions by 2050. As the regulated utility subject to the state's clean energy mandate, Duke Energy filed their [proposed carbon plan](#) with the North Carolina Utilities Commission on May 16, 2022, including multiple scenarios for the commission to consider in finalizing its carbon plan by the end of 2022. Although the state's mandate does not set an offshore wind energy target, given Duke Energy's success in the lease sale, it is expected that offshore wind will be included in North Carolina's path to a decarbonized future. Further, North Carolina Governor Roy Cooper has set an offshore wind energy target of 8 GW by 2040 through [executive order](#).

The Carolina Long Bay lease sale was unique in that it used a multifactor auction format, including nonmonetary factors, as bidding credits in the sale. The auction included a 20% credit for a cash bid in exchange for committing qualified monetary contributions to programs that support workforce training programs for the offshore wind industry, development of the U.S. domestic supply chain for the offshore wind energy industry, or both. To qualify, a winning bidder was required to financially contribute at least 80% of its bidding credit toward a workforce training program or development of a domestic supply chain. In its [press release](#) announcing the sale, BOEM noted that because of the credit, an additional [\\$42 million](#) will be invested in workforce training programs and domestic supply chains for offshore wind.

In addition, TotalEnergies and Duke Energy will be required to agree to multiple [lease stipulations](#), which were developed following [public comments](#) on the proposed sale notice. These include commitments to protect endangered species, reasonable efforts to enter into project labor agreements, facilitation of transportation with

the adjacent lease areas, and meeting stakeholder reporting and engagement requirements. In its [press release](#), BOEM noted that lessees are required to engage environmental justice communities and other stakeholders, with the goal of promoting offshore wind energy development that coexists with other ocean uses and effectively addresses potential impacts.

Before the provisional lease winners can proceed with lease area exploration and development, the U.S. Department of Justice (DOJ) and the Federal Trade Commission (FTC) will conduct a 30-day anti-competitive review of the auction.

California Offshore Wind Moves Ahead

On May 6, the California Energy Commission released a draft [report](#) with the goal to build out 3 GW of offshore wind off the coast of California by 2030, with a total of 10 to 15 GW by 2045, enough to power 10 to 15 million homes. This follows recent progress by BOEM in analyzing two potential wind energy leasing areas off the coast of California.

A month earlier, on April 6, 2022, BOEM [announced](#) the availability of a Draft Environmental Assessment for the Morro Bay WEA, initiating a 30-day public comment period, which [was extended](#) through May 16, 2022, in response to stakeholder request. The Morro Bay WEA covers roughly 240,898 acres and could produce nearly 3 GW of offshore wind energy, which could power one million homes.

In the meantime, on May 5, 2022, BOEM [announced](#) it had completed environmental review of the potential impacts of offshore wind energy leasing activities in the Humboldt WEA, located off the coast of Northern California, issuing a [Finding of No Significant Impact](#). The Environmental Assessment considers potential impacts from the issuance of leases in the WEA. BOEM has not yet announced a lease sale for the Humboldt WEA, but the area is expected to produce 1.6 GW of clean energy, powering roughly 560,000 homes.

BOEM may use a multifactor auction format with its potential lease sales off the coast of California, given BOEM's belief that that format incentivizes early cooperation to reduce potential conflicts with other ocean users and supports the Biden administration's [focus](#) on delivering environmental justice. BOEM could, however, achieve similar results using stakeholder agreements.

BOEM Issues Calls for Central Atlantic and Oregon Coast

BOEM is also moving ahead with preliminary activities off the coasts of the [Central Atlantic](#) states and Oregon. On April 27, 2022, BOEM announced that it will publish a Call for Information and Nominations (Call) to solicit commercial interest in, and obtain public input on, potential wind energy leasing areas in the Central Atlantic, off the coasts of Virginia, Delaware, Maryland, and North Carolina, and off the coast of [Oregon](#).

The Call area for the Central Atlantic is nearly four million acres and encompasses six Call areas. For Oregon, BOEM is considering two Call areas, one in Coos Bay, and the other near Brookings. The total area is approximately 1.2 million acres. BOEM will publish both Calls on June 28, 2022, initiating a 60-day public comment period. Interested parties can submit their nominations by following the instructions in the Federal Register Notice, once published. The Call is one of the first steps in the process to lease these offshore wind areas. After considering comments on the Calls, BOEM will revise the areas considered for leasing and prepare Draft Environmental Assessments of the result of leasing activities.

The Call in Oregon follows [significant planning efforts](#), led by BOEM and Oregon's Department of Land Conservation and Development (DLCD). BOEM and DLCD developed a [Data Gathering and Engagement Plan](#) to inform engagement with research organizations and interested and affected parties in the data and information gathering process for offshore wind leasing decisions in Oregon. BOEM and DLCD also developed an [offshore wind mapping tool](#) to provide public access to data throughout the planning process. BOEM has also held multiple meetings with interested stakeholders through the [BOEM Oregon Intergovernmental Renewable Energy Task Force](#). Similar to its extensive planning process in Oregon, BOEM launched a [Central Atlantic Intergovernmental Task Force](#), holding the first meeting on February 16, 2022. BOEM has also hosted multiple meetings with interested fisheries groups, developers, and tribes.

BOEM Holds Renewable Energy Task Force Meeting for the Gulf of Maine

BOEM [will be hosting](#) a virtual Gulf of Maine Intergovernmental Renewable Energy Task Force Meeting on May 19, 2022. The meeting will cover the commercial planning process for wind energy leasing in federal waters in the Gulf of Maine, touching on state and federal perspectives and the stakeholder engagement approach. This is the first task force meeting for the Gulf of Maine since December 2019. Pursuant to its [leasing path forward](#) for 2021-2025, BOEM plans to hold a [lease sale](#) for the Gulf of Maine in 2024, and on May 9, 2022, published a [Request for Interest Development Framework](#) (RFI) to be discussed during the Task Force meeting. The RFI framework includes both the spatial extent of the RFI area and data and information that BOEM will seek from the public.

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