

## BOEM to Auction New Wind Energy Area off Maryland Coast

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The Department of the Interior's Bureau of Ocean Energy Management (BOEM) issued a [Proposed Sale Notice](#) (PSN) December 17 announcing that it would auction off wind energy development rights to almost 80,000 acres of the Outer Continental Shelf (OCS) off the coast of Maryland. BOEM proposes to divide the Maryland "Wind Energy Area" into two parcels—[North and South](#). Bidders could bid on one or both parcels. The combined parcels could facilitate development of up to 1,450 MW of new offshore wind capacity.

### THIRD COMPETITIVE OFFSHORE WIND SALE

BOEM's upcoming auction will be the agency's third competitive lease sale for offshore wind energy development. The previous sales—in the Rhode Island and Virginia Wind Energy Areas—also reflect the agency's focus on the East Coast. In addition to the competitive auctions, developers have submitted unsolicited bids to construct offshore wind projects (including transmission) in other areas on the OCS. One of these—the Atlantic Wind Connection offshore transmission project—has been proposed to cross the Maryland lease area, and could potentially provide transmission service to wind facilities constructed in the Maryland Wind Energy Area.

### STATE INCENTIVES

The State of Maryland has also announced two incentive programs for bidders on the newly announced lease area. First, the state announced a grant opportunity of up to \$25,000 to help developers recover costs associated with bidding on the projects. Second, the state announced it would provide grants of up to \$500,000 to help developers offset capital project costs needed to enter the offshore wind market.

### NEXT STEPS AND IMPLICATIONS

BOEM's proposed sale notice will be open for comments for 60 days. Any developer that wishes to bid on the Maryland lease area will be required to submit qualification materials before the end of the comment period. Submitted materials must demonstrate that the bidder is legally, technically and financially qualified to hold a lease under BOEM regulations. At the conclusion of the comment period, BOEM will determine bidders' eligibility, publish a final sale notice, and require eligible bidders to submit bid deposits ahead of the auction.

Bidders on the Maryland lease area may not be able to count on receiving significant federal renewable energy incentives—including the wind energy Production Tax Credit (PTC)—because many of those provisions expire in 2014. While other factors such as state and federal regulatory decisions, equipment costs, and the ability to negotiate a power purchase agreement (PPA) will be critical to the success of any new projects off the Maryland coast, the potential loss of the PTC could complicate developers' abilities to finance and construct any new projects.



BOEM has also announced its intention to auction additional acreage off the coasts of Delaware and New Jersey for offshore wind development, but has yet to announce when those auctions will be held.

#### FOR MORE INFORMATION

Van Ness Feldman is one of the only law firms in the country with hands-on experience in the offshore wind and electric transmission space. Our attorneys assist project developers, utilities, and investors in the offshore space to navigate complex federal and state regulatory regimes, negotiate PPAs and other agreements, and advocate for projects before federal and state policymakers.

For additional information, please contact [Jessica Friedman](#), [Julia Wood](#), or others in the firm's [Electric Practice](#).

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