



BOEM's First Offshore Wind Lease Sale on the West Coast

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The Department of the Interior's Bureau of Ocean Energy Management ("BOEM") recently published the [Pacific Wind Lease Sale 1](#) for Commercial Leasing for Wind Power on the Outer Continental Shelf ("OCS") in California—the [first-ever offshore wind lease sale in the Pacific region](#). The offshore wind lease sale—which will commence on December 6, 2022—will be for five lease areas comprising approximately 373,268 acres off the coast of northern and central California. Combined, the lease areas, or Wind Energy Areas ("WEAs"), could produce an estimated 4.5 gigawatts ("GW") of offshore, renewable wind power, with the potential to power [1.5 million homes, on average](#). The announcement is an important step for offshore wind development in the Pacific Ocean and especially for the use of *floating* offshore wind turbines. One development to watch is the implementation of lease stipulations. For example, reporting requirements on outreach and discussions with affected communities may provide benefits (such as supporting critical public participation), while also raising concerns about how to continue to foster open dialogue, which may include confidential information.

Background

BOEM issued the California Proposed Lease Sale Notice on May 31, 2022, which was followed by a public comment period. BOEM also required that prospective bidders submit qualification materials by August 1, 2022, to ensure bidders are "legally, technically, and financially qualified to hold a commercial wind lease offshore California" pursuant to 30 C.F.R. 585.106 and 585.107.

On October 5, 2022, BOEM completed its National Environmental Policy Act ("NEPA") Environmental Assessments for the [Morro Bay WEA](#) and the [Humboldt WEA](#) and found that the offshore wind energy leasing activities would have no significant environmental impact. Notably, a NEPA Environmental Impact Statement will be required for review and approval of specific projects within the lease areas and their associated transmission facilities.

The sale is a key component to achieving the [Biden administration's goal](#) of deploying 30 GW of offshore wind energy by 2030 and 15 GW of floating offshore wind energy by 2035. To this end, the Biden administration has launched a [number of initiatives](#) to encourage investment in floating offshore wind facilities. For example, the "Floating Offshore Wind Shot," led by the Departments of Energy, Interior, Commerce, and Transportation, aims to reduce the costs of floating offshore wind energy by more than 70%, to \$45 per megawatt by 2035. President Biden also signed into law the Inflation Reduction Act, which authorizes \$370 billion in spending for clean energy (including wind) over the next decade. The sale is also necessary to achieve California's aggressive climate goals, including its recent preliminary planning goal target of [25 GW of offshore wind by 2045](#). Accordingly, there is a high demand for development in the region.

Despite this high demand, there are technical challenges to West Coast offshore wind development. As the Pacific OCS is deeper (i.e., drops off more quickly) than the Atlantic, many—if not all—of the West Coast's OCS wind projects will need to utilize floating turbine technology, as opposed to the fixed bottom platform design on most Atlantic Coast projects. Presently, floating turbine technology is more costly than fixed bottom turbine design. However, anticipated technological advancements, in addition to the financial incentives noted above, open opportunities for West Coast development.

Lease Areas and Final Sale Notice

The five lease areas are separated into two WEAs: the Humboldt WEA and the Morro Bay WEA. The Humboldt WEA is offshore of Eureka, Arcata, and Trinidad, California and consists of leases OCS-P 0561 (63,338 acres) and OCS-P 0562 (69,031 acres). The Morro Bay WEA is near the cities of Morro Bay and Cambria and consists of three lease areas: OCS-P 0563 (80,062 acres); OCS-P 0564 (80,418 acres); and OCS-P 0565 (80,418 acres).

BOEM's [Final Sale Notice](#) announced which entities may participate as bidders in the lease sale as well as specific lease stipulations. Of note, one stipulation requires lessees to provide regular progress reports on

engagement with Tribes and parties that may be affected by the lessees' OCS activities. Public engagement—particularly with Tribal and Environmental Justice communities—is a critical component to informed development. At times, frank and candid discussions with affected communities are necessary and require confidentiality. Any reporting requirement should encourage public engagement, while also ensuring that the reporting requirement does not, inadvertently, make participants less willing to engage in important and sensitive discussions.

For More Information

Van Ness Feldman counsels clients on offshore wind siting, permitting, interconnection and market registration processes, and commercial transactions. If you would like more information about the Final Sale Notice and permitting processes for offshore wind energy, please contact [Mike Farber](#), [Rachael Lipinski](#), [Erin Anderson](#), [Molly Lawrence](#), or [Mosby Perrow](#).

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