

## **BIDDER'S FINANCIAL FORM**

### **ADDENDUM**

#### **Bidding Credit Purpose and Goals**

BOEM is using a multiple-factor auction format for this lease sale. Under this system, BOEM will consider a combination of factors, which will include a monetary factor (cash bid) and up to two non-monetary factors in the form of bidding credits, to determine the outcome of the auction.

The bidding credits are designed to support workforce training programs for the offshore wind industry; develop a U.S. domestic supply chain for offshore wind manufacturing, assembly, or services; and establish and provide funds for a Fisheries Compensatory Mitigation Fund to compensate for potential adverse impacts to commercial and for-hire recreational fisheries in the Gulf of Mexico (GOM) resulting from offshore wind development.

#### **General Requirements**

In order to qualify for one or both of these credits, BOEM requires the bidder to submit a Conceptual Strategy for fulfilling the requirements for the bidding credits the bidder selects in its Bidder's Financial Form (BFF). BOEM appoints a panel to review the Conceptual Strategies after BOEM has received the BFFs and bid deposits, but before the lease auction. As described in the Final Sale Notice, this panel will assess each Conceptual Strategy on its own merits to determine the bidder's final bidding credits. The panel will assess each Conceptual Strategy on a pass/fail basis and will not award partial bidding credits. BOEM will not consider historical or related corporate efforts for credit unless the bidder is proposing to continue the same program for fulfilling its bidding credit. Based on its review, the panel will determine whether it finds a bidder eligible or not eligible for each credit. Before the Mock Auction, BOEM will send letters to potential bidders who submitted Conceptual Strategies to notify them whether they qualify for their requested bidding credits.

A lessee must meet the commitments described in its Conceptual Strategy before the lessee submits its first Facility Design Report (FDR) or before the applicable Lease Anniversary, whichever is sooner, as stated below. To allow bidders to adapt more successfully to unexpected future conditions, bidders may include multiple qualifying monetary contribution targets that they are considering, so long as all the contribution targets are consistent with and total not less than, the bidding credit requirements described in Addendum "C" of the executed Lease. Addendum "C" of the executed Lease will include the exact amount of the financial commitment for each credit. The Conceptual Strategy for each bidding credit is expected to be forward-looking and need not name specific investments or beneficiaries (though specificity is encouraged where possible). However, each individual Conceptual Strategy must enable BOEM to objectively verify that the bidder has formulated and eventually satisfied a plan that will lead to the fulfillment of the bidding credit requirements, as specified in the Lease. After BOEM has issued the Lease, lessees may request meetings with BOEM regarding satisfaction of their credit.

## Section One: Workforce Training and/or Domestic Supply Chain Development

### Bidding Credit Value: 17 Percent of Bid

#### Qualifications

To qualify for the **workforce training and/or domestic supply chain development bidding credit**, the bidder must commit to making a qualifying Contribution to programs or initiatives, as described in the lease, that support workforce training programs for the U.S. offshore wind industry, development of a U.S. domestic supply chain for the offshore wind industry, or both. The Contribution must be verifiable by BOEM and be executed before the submission of the first FDR for the Lease or the 10th Lease Anniversary, whichever is sooner. Specifically, BOEM must be able to verify both that the Contribution was made, that it was applied in the manner described in the lease, and that it is consistent with the lessee's Conceptual Strategy submitted with the BFF.

#### Conceptual Strategy

Bidders who elect to pursue this bidding credit must submit the following with their BFF:

- A Conceptual Strategy describing how the bidder intends to meet requirements for the **workforce training and/or domestic supply chain development bidding credit** consistent with provisions of the Lease. The Conceptual Strategy must:
  - Describe the bidder's individual proposals for Contributions to fulfill the bidding credit, including the form of Contributions, subject to the requirements and restrictions described in the Lease.
  - Describe how each proposal will support workforce training programs for the offshore wind industry, development of a U.S. domestic supply chain for the offshore wind energy industry, or both, as required in the Lease.
  - Explain how the lessee will select Contribution recipients. The bidder can identify different workforce training or supply chain programs the lessee will consider. The Conceptual Strategy can prioritize different programs under consideration while maintaining flexibility to select recipients that provide the greatest value and benefit for training workers or supporting development of the offshore wind supply chain closer to the time when the Contribution is made.
  - Describe the lessee's process for documentation and verification once the Contribution has been made, consistent with the requirements in the Lease.

The individual proposals for Contributions within the Conceptual Strategy need not be evenly distributed between workforce training and domestic supply chain development and could include proposals that address only workforce training or supply chain development.

## Section Two: Fisheries Compensatory Mitigation Fund Bidding Credit Value: 8 Percent of Bid

### Qualifications

To qualify for the **Fisheries Compensatory Mitigation Fund** bidding credit, bidders must commit to establishing and contributing to fisheries compensatory mitigation fund or contributing to an existing fund before the submission of the first FDR for the Lease or the fifth lease anniversary, whichever is sooner. The fisheries compensatory mitigation fund bidding credit is intended to address the impacts identified in BOEM's environmental and project reviews.

The fisheries compensatory mitigation must compensate commercial and for-hire recreational fisheries impacted by pre-construction, construction, operations, and/or decommissioning of offshore wind facilities. Lessees are encouraged to establish or contribute to a regional GOM Fisheries Compensatory Mitigation Fund where all money would be combined to cover impacts from all GOM wind energy leases or easements, not just those that occur under the lessee's lease.

### Conceptual Strategy

Bidders committing to use the **Fisheries Compensatory Mitigation Fund** bidding credit will need to submit their Conceptual Strategy along with their BFF. The Conceptual Strategy must describe the verifiable actions the lessee intends to take to allow BOEM to confirm compliance when the Lessee submits its documentation demonstrating satisfaction with the lease requirements for Contribution to the Fisheries Compensatory Mitigation Fund.

Bidders' Conceptual Strategies must:

- Describe the primary provisions it proposes to include in the fisheries compensatory mitigation fund charter including how the compensatory provisions mitigate impacts to fishers from GOM offshore wind development and how the lessee will ensure fiduciary governance and strong internal controls. The bidder is encouraged to consider existing fisheries compensatory mitigation models, including BOEM's draft *Guidelines for Mitigating Impacts to Commercial and For-Hire Recreational Fisheries on the Outer Continental Shelf Pursuant to 30 CFR Part 585* and the East Coast States' *Fisheries Mitigation Project*.
- Describe a process or mechanism for compensating fishers for gear loss or damage, including such loss or damage that may occur before the lessee begins in-water construction activities (e.g., surveys) and before the Fisheries Compensatory Mitigation Fund has been established.

- Certify that documentation and verification processes for the Fisheries Compensatory Mitigation Fund will be established and that the fund itself will be funded according to the requirements in the lease.

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