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Bridgette Duplantis  
Bureau of Ocean Energy Management  
Office of Emerging Programs  
1201 Elmwood Park Boulevard  
New Orleans, LA 70123

Via Federal eRulemaking Portal: <http://www.regulations.gov>

**Subject: BP America Inc. Comments on the Bureau of Ocean Energy Management's Proposed Sale Notice for Commercial Leasing for Wind Power Development on the Outer Continental Shelf in the Gulf of Mexico (GOMW-1), Docket No. BOEM-2023-0021**

Dear Ms. Duplantis:

BP America Inc. is pleased to submit comments to the U.S. Bureau of Ocean Energy Management's ("BOEM") proposed sale notice ("PSN") for the Gulf of Mexico ("GOM") wind lease sale. In sum, bp respectfully asks that BOEM (1) increase the number of lease areas in the Final Sale Notice ("FSN"); (2) hold a single auction with a "one-per-customer" rule; (3) allow for flexibility in turbine layout; (4) allow a bidding credit for long-term contracts for components; (5) expand the potential recipients of the Fisheries Compensatory Mitigation Fund credit; (6) create an annual progress report summarizing engagement with Native American Tribes and ocean users; (7) provide flexibility throughout the development process; and (8) clarify the "affiliated entities" definition.

## **I. Introduction**

bp is supportive of BOEM's continued and ambitious efforts to accelerate the offering of new offshore lease area sales and appreciates BOEM's willingness to improve the

auction process to best achieve the Biden Administration’s goals of deploying 30 GW of offshore wind, establishing a robust domestic supply chain and the creation of good-paying jobs. In the February 24, 2023 PSN, BOEM solicited comments on several aspects of the contemplated auction of three proposed lease areas in the GOM off the coasts of Galveston, TX and Lake Charles, LA. bp is pleased to provide these comments and suggestions.

## **II. bp’s Ambitions in the United States**

bp is a global integrated energy company with a significant footprint in the U.S. In the U.S., bp employs 13,000 people and supports more than 240,000 jobs. Since 2005, bp has invested more than \$140 billion in the U.S.; and in 2022 alone, our operations contributed more than \$70 billion to the U.S. economy. We have a larger economic footprint in the U.S. than anywhere else in the world.

We’re transforming bp so we can deliver the secure, affordable, lower carbon energy the world increasingly wants and needs. Our ambition is to be a net zero company by 2050 or sooner, and to help the world get to net zero. A key part of bp’s strategy is low carbon electricity and energy. By 2030, bp aims to have developed around 50 gigawatts (GW) of net renewable generating capacity to final investment decision globally. bp has a growing offshore wind portfolio in the U.S. and internationally. In January 2021, bp and Equinor agreed to develop together up to 4.4 GW of wind generation through two projects – Empire Wind and Beacon Wind, two major lease areas located in federal waters off New York and Massachusetts.

bp has extensive technical capabilities in energy, built up over more than 110 years, which are relevant to the development, construction, operation, maintenance, and decommissioning of offshore wind projects in the U.S. bp is already involved in the development of offshore wind projects in the U.S., U.K. and Asia and has an existing diversified portfolio of renewable energy assets and investments, including a significant onshore wind business in the U.S. with a gross generating capacity of 1.7 GW. bp is highly experienced in large-scale technical project delivery and has more than three decades of experience in the GOM, where it is one of the largest producers and leaseholders in the region.

## **III. Comments**

### **BOEM Should Increase the Number of Lease Areas in FSN and Hold a Single Auction**

bp supports BOEM’s proposal to offer lease areas serving both Texas and Louisiana. We see potential for the development of offshore wind in the Gulf Coast to address the significant need for clean energy generation. We believe it is crucial to maximize the number of leases being offered up as part of this auction in order to meet the increased demand for clean energy generation in Texas and Louisiana. To address this issue, we recommend, at a minimum, auctioning off all three proposed lease areas identified in the PSN. Further, we believe that additional areas should be added including a third

lease area in the Texas wind energy area (“WEA”) and a second lease area in the Louisiana WEA, using any remaining unconflicted areas that were in the preliminary WEA Options I and M published on July 20, 2022.

bp recommends combining all proposed leases into a single auction with a “one-per-customer” rule, using a similar auction format as that of the December 2022 California auction. bp supports a “one-per-customer” rule for this auction, which would maximize developers’ flexibility to switch between leases and ensure that the lease areas get awarded to multiple bidders.

Additionally, we agree with BOEM’s efforts to propose lease areas of 100,000 acres in the PSN, which would allow developers to achieve significant economies of scale and improve the value proposition that can be offered to local stakeholders. bp recommends continuing to maximize the acreage of all proposed lease areas to the extent possible. The Louisiana WEA does not support multiple 100,000-acre lease areas, as the initial WEA covered 174,275 acres and, therefore, we recommend splitting it into two lease areas of up to approximately 87,000 acres.

#### **BOEM Should Not Prescribe Uniform and Aligned Turbine Layouts in the Lease Area**

bp recommends that BOEM refrain from prescribing layout requirements or rigid alignment specifications. BOEM should provide developers with the flexibility to optimize the layout for their projects based on their internal assessment and using stakeholder input, which will allow the developers to address the prevailing site conditions and be more responsive to stakeholder needs.

#### **The Bidding Credit for Workforce Training and Supply Chain Development Should Allow for Long-Term Contracts for Components**

bp supports the proposed multiple-factor auction format and the proposed bidding credits for workforce training and/or supply chain development and fisheries mitigation and related benefits. Investments to fulfil bidding credit commitments should be tied to maximizing potential benefits to local stakeholders. bp supports BOEM’s suggestion to allow spending on long-term contracts for components needed to build or maintain its project that will also benefit the offshore wind industry to qualify toward the lessee’s monetary contribution for the credit. The lessee would act as an anchor customer to the supplier through those long-term contracts and unlock the supplier’s ability to invest in increased capacity, thus benefiting the broader offshore wind industry. bp supports extending the eligibility of the bidding credit to include long-term contracts of other assets required for the construction and operation of offshore wind projects that would have a broader positive impact for other developers, including long-term contracts to use service operations vessels and port facilities. This inclusion would help provide lessees with flexibility in making their contributions and allow them to maximize the efficiency of their investments in the local supply chain to optimize benefits to local communities.

bp agrees with BOEM that certain guidelines should be put in place to ensure that those contracts provide benefits to the broader industry and not just the lessee. We recommend requiring that direct spending contracts cannot contain exclusivity

requirements to qualify. Bidders should be required to document the factors they would use to meet the burden of establishing that direct contracts provide broader benefits to the industry. BOEM should allow bidders to submit proposed contracts for evaluation, ahead of the commitment deadline and BOEM should confirm whether the contract amount would satisfy the commitment amount for a bidding credit. This would reduce the uncertainty of entering into such contracts without knowing whether they would qualify.

#### **Expand the Eligible Compensation within the Fisheries Compensatory Mitigation Fund Credit**

bp recommends that BOEM expand the eligible compensation criteria to include all parties impacted by potential losses from development of an offshore wind project including recreational fisheries, processors, suppliers, subsistence fisheries, etc. BOEM should allow a commitment or intent to participate in a regional fund, including the establishment of the fund, to be eligible for a bidding credit, but should not require a detailed strategy for the fund itself to be provided in the conceptual strategy submitted prior to lease award. BOEM should also allow for a very broad and general description of an approach for compensatory mitigation to reflect setting up regional or developer funds that will require significant engagement and negotiation with potential impacted entities. The compensation fund should consider other financial impacts such as increased costs for fishing from displacement and other impacts identified and prioritized by the fishing industry during engagement and establishment of the funds.

#### **Annual Progress Report that Summarizes Engagements with Native American Tribes and Ocean Users**

bp recommends that BOEM's proposed progress report that summarizes engagement with Native American Tribes and ocean users potentially affected by proposed activities on the lease or proposed project easement be required on an annual basis instead of on a semi-annual basis. This provides the necessary lessee engagement with the affected stakeholders and gives a more comprehensive view of overall engagement.

bp supports BOEM establishing methods to improve coordination and engagement among lessees, federally recognized Tribes, and other stakeholders. We recommend engagement meetings between lessees, federally recognized Tribes, and other stakeholders take place on an annual basis in an in-person setting. We support BOEM's recommendation to facilitate coordinated engagements. We recommend an open forum that brings together industry, federal and state agencies, and interested stakeholders to outline future activities and discuss conflict avoidance and minimization opportunities. This engagement is in addition to developer-led stakeholder engagement and agency-led engagements.

#### **Leasing Structure Should Provide Flexibility Throughout the Development Process**

This auction would support the development of the first offshore wind projects to be built in the GOM. Developing a project in a new offshore wind market can lead to extended development timelines compared to mature markets, as projects need to make investments to stand up a local supply chain and supporting infrastructure, and work with local stakeholders to establish a framework allowing for offshore wind to be built. Considering this, bp supports the proposed changes set out in the Renewable

Energy Modernization Rule in Section 585.235 related to extensions of the lease periods, particularly expanding the criteria for granting extensions of lease periods to include good cause and enabling phased development of leases. bp recommends these changes are applied to the GOM leases. Similarly, bp recommends that BOEM provide flexibility on the lease development deadline for the bidding credits to allow for extensions beyond the 10-year timeframe for good cause. We also support the proposal that bidders should not be required to provide documentation showing that the financial commitments tied to these bidding credits have been met until the initial submission of the facility design report ("FDR"), thereby ensuring that these investments can be designed to maximize value to all stakeholders.

#### **Clarification on a Definition for Affiliated Entities is Needed**

bp supports the need for transparency regarding affiliations between bidding entities and understands BOEM's desire to limit the number of leases that an entity and its affiliates can win in a single auction. Given the complex nature of the projects and the amount of capital required, it is essential that there be certainty regarding what type of relationship is considered an affiliation in a specific lease auction. bp requests that BOEM include in the FSN additional guidance regarding what constitutes an affiliate.

In the PSN, BOEM's definition of affiliate focuses on the level of control that one bidder has over or with another bidder. bp does not object to this approach to the definition of affiliate but does believe it needs further refinement to clarify that two or more bidding entities are not deemed affiliates simply because the bidding entities and/or their parents have entered into an arrangement with regard to a lease awarded in a separate auction. We also believe that it is essential that there be clear, unambiguous guidance regarding what constitutes control of one bidding entity over another.

We suggest the FSN clarify that an affiliated entity means a bidding entity that controls, is controlled by or is under common control with another bidding entity participating in the same lease auction. BOEM should consider bidding entities to be affiliated if:

- (i) one bidding entity owns or has common ownership of more than 49.0% of the voting security, or instruments of ownership or other forms of ownership in another bidding entity;
- (ii) one bidding entity is a direct or indirect subsidiary of the same parent company as another bidding entity in the same lease auction; or
- (iii) one bidding entity has an agreement with another bidding entity pursuant to which it would directly or indirectly economically benefit from the other bidding entity's successful acquisition of a lease in the same auction. For the avoidance of doubt, two or more bidding entities are not deemed affiliates based solely on the fact that they jointly participated in another lease auction, acquired another lease under a separate auction or jointly control an entity which holds a separate lease.

bp further recommends that BOEM commits to providing, when timely requested by a bidding entity, a determination on whether two or more bidding entities in an auction are considered to be affiliates at least 30 days prior to the GOM auction date.

#### **IV. Conclusion**

In summary, we appreciate the opportunity to submit these comments. bp applauds BOEM for the proposal of a significant lease auction that promises to advance the renewable energy goals of the nation. Our comments further the goals identified by BOEM and reflect our longstanding support for and contributions to the continued success of the leasing program. Please reach out to me at [bree.raum@bp.com](mailto:bree.raum@bp.com) if you have any questions.

Respectfully submitted,

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