

**Questions for the Record
Subcommittee on Energy and Mineral Resources
House Natural Resources Committee
Oversight and Legislative Hearing on Offshore Wind
April 20, 2021**

Questions from Representative Stauber

- 1. The Administration has pledged to bring 30 new gigawatts of energy online from offshore wind energy by 2030. I'm a strong supporter of renewable energy and certainly see the role our public lands and waters can play in that sector. As we discuss ways to grow renewables like offshore wind, one of the clear ways to accelerate development would be to improve the delays and inconsistencies involved in the NEPA permitting process. I'm sure you're aware of how much this can be a major hurdle to all types of energy development including wind.
 - a. In order to achieve your goals in renewable energy development on public lands and waters, is the Administration considering doing a PEIS, implementing reforms under NEPA, or setting timetables for environmental impact statements to allow for more expedient wind leasing?****

Response: BOEM normally prepares an environmental assessment for the leasing stage and an environmental impact statement (EIS) once a construction and operations plan (COP) is submitted, post-lease. In coordination with our cooperating agencies, BOEM has established timelines for 4 of the 14 COPs submitted. BOEM is considering preparing a Programmatic EIS for the next round of COPs, but a final decision has not yet been made.

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Questions from Representative Gosar

1. Ms. Lefton, we clearly have a very different opinion of the impacts of multi-factor bidding on the returns to the American taxpayer and your testimony only increased those concerns in response to the hearing. Once again, many on this Committee believe that sole purpose of multi-factor bidding is to reduce the revenue to the taxpayers of the United States by giving artificial credits, in the form of taxpayer dollars, to special interests who are the most successful in lobbying the BOEM decision makers to support their business agenda. There may have been the slightest case for multi-factor bidding in the earliest stages of offshore wind leasing in an effort to prevent speculation and encourage development for pilot projects. However, when it comes to the leasing of the resources of the American people many of us believe those resources should be leased to ensure the best return for the people of the United States not diminished by giving bureaucratically decided handouts to special interests. The last major offshore lease sale proved beyond a doubt that there is no need in this quickly maturing market for multifactor bidding. The December 2018 lease sale was both record-breaking and clean of any additional factors, proving that that the U.S. offshore wind market is both competitive and poised for explosive growth. That sale had had 19 companies eligible to compete on these leases and the winning bids were for \$135 million each. Considering in your testimony that you were committing to exploring multi-factor bidding:
 - a. can you explain why you think a sale off of California would not generate as much interest as the Atlantic sale?

Response: It is challenging to predict bidder interest in future lease sales since value depends on a variety of factors. The value of Atlantic leases has increased as states established offshore wind targets. While California does have goals for renewable energy, it does not currently have clean energy targets for offshore wind. Additionally, wind development offshore the Northern or Central California coast would require floating technologies, which are a less developed technology than the bottom-founded technology used in the Atlantic.

- b. Do you believe that the offshore wind leasing system is so immature that we need to provide taxpayer dollars as incentives and additional conditions for leases to see them developed?

Response: BOEM has not yet decided on the auction format for future Pacific offshore wind lease sales. Bidding factors in addition to the cash bonus bid would not be offered as a development incentive, but in recognition of an agreement entered into by entities most affected by offshore wind development such as local fishermen or communities. These agreements are normally negotiated on a case-by-case basis between developers and impacted parties after a project is proposed on an existing lease. Benefit agreements in advance of a lease sale may shorten the development timeframes and increase the likelihood of project development.

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- c. Is it your expectation that leasing off of California will not draw many bidders or will only draw bidders that need taxpayer handouts through multi-factor process to compete?**

Response: BOEM expects robust competition for lease areas offshore the Northern and Central California coast regardless of the auction format. The multi-factor auction format is not an incentive to draw bidders, but rather to encourage bidders to commit to community engagement and job development in the impacted areas.

- 2. To help the Committee clearly understand just how far down the line your agency is in working with lobbyists in negotiating away taxpayer dollars, I would ask that you provide us any documents or emails from special interests encouraging multi-factor bidding in California. Specifically, any correspondence from representatives Castle Wind, LLC, including correspondence from Trident Winds Inc. and EnBW North America Inc. In addition, please provide any correspondence from Colorado lobbyist Steven Black on leasing or multi-factor bidding for offshore wind off of California.**

Response: BOEM has a long history of engagement with members of the offshore wind industry, commercial and recreational fishers, and members of the public. There are multiple critical ocean users and perspectives that need to be considered as part of the offshore wind development process and BOEM will continue to listen to and work with the many stakeholders who have a vested interest in future offshore wind projects.

3. Finally, you raised multi-factor bidding in your testimony in response to Rep. Huffman encouraging you to consider it alongside Community Benefit Agreements. Exclusive Community Benefit Agreements are one of the last items that BOEM should consider for taxpayer bidding credits. The ability of local communities in California to be corrupted by lobbyist engagement has already played out this year as the California Fair Practices Board initiated an investigation into illegal campaign donations (<https://www.sanluisobispo.com/news/politicsgovernment/election/article239819698.html>) connected with Morro Bay City Councilwoman Dawn Addis. The premise that BOEM would allow exclusive agreements to be used for credits fails the credibility test for granting taxpayer kickbacks to special interests. Furthermore, many Community Benefit Agreements are often agreed upon before BOEM sets lease sales conditions.

- a) Including CBA agreements as conditions for taxpayer incentives in a multifactor kickback scheme is often the direct result of special interests lobbying BOEM to give credit for those incentives, as opposed to the BOEM sale driving the desired action. Can you explain how BOEM believes that exclusive local Community Benefit Agreements are a benefit to all American taxpayers?**

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Response: Community Benefit Agreements are normally negotiated on a case-by-case basis between developers and impacted parties and may increase the likelihood of project development, which benefits all Americans through the development of clean energy.

BOEM has not yet decided on the auction format for future Pacific offshore wind lease sales. If offered, a Community Benefit Agreement would be included in the auction as a bidding credit. The monetized bidding credit would offset a portion of the cash bonus bid. Bidding credits would be applied in a fair and consistent manner. Bidding credits are unlikely to affect collective bidding behavior.

b) How does providing a lower the taxpayer return for resources for incentives already agreed to by bidders prior to the lease sale announcement benefit taxpayers?

Response: Benefit agreements in advance of a lease sale may shorten the development timeframes, thereby reducing the cost of project development and resulting in savings to ratepayers. Depending on the auction result, a reduction in bonus bid revenue is not a forgone conclusion. If bidders were guaranteed in advance the certainty of a bidding credit in exchange for their agreement, they may be willing to increase their bid above what they may have otherwise bid. Also, past auctions have shown that bidders with credits do not necessarily win the auction. In either case, revenues received by the public would be largely unaffected.

c) In forcing industry and communities to compete for the rights to exclusive CBAs you can create a process that results in communities of losers and at the same time force businesses to make potentially the least efficient or environmentally friendly decisions in order to meet their CBA commitments?

Response: Benefit agreements are not required to participate in offshore wind lease sales or to bid for OCS acreage. BOEM has not yet decided on the auction format for future Pacific offshore wind lease sales. If used, bidding credits for benefit agreements could improve the development timeframes for an offshore wind project. Advance agreements with affected parties may reduce risk and improve the likelihood for a successful project.