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Submitted via regulations.gov - Docket No. BOEM-2022-0092

Re: Draft Wind Energy Areas in the GOM, Docket No. BOEM-2022-0092

The American Clean Power Association (ACP)[1] and the Southeastern Wind Coalition (SEWC)[2] welcome the opportunity to provide comments on the U.S. Bureau of Ocean Energy Management's (BOEM) draft Wind Energy Areas (WEAs) in the Gulf of Mexico ("GoM" or "Gulf").[3] Significant leasing in the Gulf is an important step toward the Biden Administration's goal of deploying 30 gigawatts (GW) of offshore wind in the United States by 2030 and unlocking a pathway to 110 GW by 2050. Offshore wind in the Gulf can generate carbon-neutral energy in a region that is being buffeted by the climate crisis, as well as ensure that the existing offshore oil and gas supply chain and workforce can continue its transition to a low-carbon energy future. BOEM should continue to expeditiously and strategically advance efforts to hold its first competitive wind lease sale(s) in the Gulf in early 2023, while also considering longer and regular lease auctions in subsequent years.

We also appreciate that BOEM is soliciting public comments on the draft Area ID memorandum. While seeking public comment on the memo is not required under BOEM regulations, we believe it will result in a more transparent and inclusive Area ID process and

[1] The American Clean Power Association represents the renewable energy industry in the United States, bringing together over 1,000 member companies, 120,000 members, and a national workforce located across all 50 states. By uniting the power of wind, solar, storage, and transmission companies and their allied industries, we enable the transformation of the U.S. power grid to a low-cost, reliable, and renewable power system. Additional information is available at http://www.cleanpower.org.
[2] The Southeastern Wind Coalition is a non-profit that works to advance the wind industry in the Southeast. We focus on land-based wind, offshore wind, wind imports, and the industry's supply chain. Their mission is to advance the wind industry in ways that result in net economic benefits to utilities, residents, and ratepayers. The Coalition takes an objective, data-driven, and economic development focused approach to ensure the Southeast can take advantage of this clean, low-cost generation source. Additional information is available at https://www.sewind.org.
[3] https://www.regulations.gov/docket/BOEM-2022-0092

better lease areas. We appreciate that BOEM is providing this opportunity without unduly delaying the leasing process.

I. We Appreciate BOEM's Transparent, Data-Based Approach to Developing the First Gulf WEAs.

We applaud BOEM for its methodology and transparency in preparing recommendations for the Gulf of Mexico WEAs and appreciate BOEM's data-based approach using an ocean planning tool in collaboration with the NOAA National Centers for Coastal Ocean Science (NCCOS). In particular, we find it helpful that BOEM has adopted a data-driven approach to quantify potential ocean user conflicts and benefits rather than simply describing WEAs qualitatively. The process provides a balancing of ocean uses that provides early transparency for how stakeholder input and data was integrated into BOEM's decision making process. While We recognize that this approach was possible with the Gulf of Mexico being a data-rich OCS Region, and we encourage BOEM to take similar approaches in the planning of future leasing in other OCS Regions and establishing early relationships with NOAA in the planning of leases.

We support the overall methodology used in the Area ID memorandum to develop recommendations. Early identification of BOEM and other agency concerns allows stakeholders to identify areas where BOEM has balanced multiple uses and where there may be existing infrastructure (i.e., platforms) and subsea rights-of-way.[4] This approach promotes further investment in the offshore wind energy, especially because it provides increased certainty for industry participants with respect to investments needed to support supply chains prior to the submission of the COP and gives current (and future) views of a total of 14 WEAs in the Gulf. That certainty is dependent on BOEM, to the fullest extent practicable, not arbitrarily changing the size of the WEAs, unless evidence in the record supports such an outcome.

II. BOEM Should Designate At Least Three Additional WEAs in the Gulf.

The Gulf is one of the best areas in the United States place to lease in large quantities. As

[4] 43 U.S.C. 1337(p)(4).

BOEM notes in its Area ID memo, the Gulf has vast technical potential for offshore wind. According to the National Renewable Energy Laboratory, Louisiana ranks as the fourth highest state in the nation for offshore wind technical potential, with potential for a single offshore wind project to create 4,470 construction jobs and 150 full-time operations jobs.[5] Louisiana's climate action plan, delivered to the Governor on February 1, 2022, calls for 5 GW of offshore wind procurement by 2035.[6] By BOEM's own estimates, the proposed St. Charles WEA offshore Louisiana would achieve less than half of that amount of electricity generation. This does not even consider the potential demand for offshore wind in the second most populous state in the U.S., Texas. Both states badly need the reliability that offshore wind provides, as climate-fueled extreme weather events have recently caused catastrophic blackouts.[7]

While we fully support the current draft WEAs, we recommend that BOEM consider adding at least three additional WEAs in advance of its first Gulf lease sale. BOEM has a unique opportunity to create a market for offshore wind in the Gulf and needs to go big. These additional areas are necessary to create as robust an initial project pipeline as possible, which in turn will create economies of scale and incentivize maximum investment in supply chain, construction of new purpose-built vessels, and the optionality for the utilization of the existing offshore oil and gas workforce. BOEM's Area ID memo indicates that there are 14 additional potential WEAs in the Gulf that BOEM is not proposing to move forward at the present time, especially in the southern areas of the Western Planning Area to the west in the Central Planning Area. We estimate that these additional WEAs could accommodate at least 18 commercially viable lease areas. The ocean planning tool built by the NCCOS and utilized by the Gulf Regional Office (GOMR), demonstrated that these areas have moderate to high suitability. In particular, areas A, E, F, and H off of the coast of Texas are prime areas for offshore wind generation, as are areas M and N off the coast of Louisiana. However, if it is not possible to lease

[5] http://www.sewind.org/images/fact_sheets/LaFactSheet_Final.pdf; nrel.gov/news/program/2020/studies-find-gulf-of-mexico-well-positioned-for-offshore-wind-development.html

[6] *See* Louisiana Climate Action Plan (Feb. 1, 2022) available at https://gov.louisiana.gov/assets/docs/CCI-Task-force/CAP/Climate_Action_Plan_FINAL_3.pdf.

[7] For Texas, see https://www.washingtonpost.com/weather/2021/09/03/climate-change-arctic-texas-cold/; for Louisiana, see https://www.nytimes.com/2021/09/17/business/energy-environment/hurricane-ida-entergy-poweroutage-new-orleans.html.

these areas at this time, we ask that BOEM revisit these areas in future lease sales, and if possible, publish a schedule of when it anticipates leasing these areas.

We also note that expanding the number of WEAs is not likely to significantly delay the Gulf lease sale. BOEM has already run its ocean planning model on the entire Call Area and identified the most suitable areas. It also would not need to conduct additional NEPA analysis on these additional WEAs, as it has already released a draft EA that covers the entire Call Area. Therefore, we urge BOEM to reconsider its decision to designate only two WEAs and consider designating at least three more WEAs.

To create a lasting supply chain, like other offshore industries have done in the Gulf, there must be a guaranteed stream of development. Designation of only two WEAs in the Gulf is a good start, but other considerations must be taken into account to build out the type of supply chain necessary to bring about these economies of scale, especially access to lease areas and state procurement. More leases also mean more developers in the market, more competition, and thus better technologies and a lower cost of energy.[8] If BOEM increases available lease acreage in the first GOM lease sale, it will send a much more definitive market signal that will kickstart the supply chain, create tens of thousands of additional jobs, and generate billions more dollars of economic investment in the region annually. In addition, BOEM could consider issuing longer SAP and COP timelines, to both facilitate planning in the Gulf and to ensure that a supply chain is in place.

III. BOEM Should Finalize the Draft WEAs In Their Entirety and Ensure There are Multiple Lease Areas Within the Draft WEAs.

In addition to expanding the number of WEAs, BOEM should finalize the proposed WEAs in their current form and by providing for multiple lease areas within each draft WEA. The WEAs were identified through careful analysis and were responsive to the region's renewable energy goals, the other uses that exist within the Gulf, and the need to develop a predictable leasing program. As noted above, the methodology to identify these WEAs was

[8] https://www.eia.gov/outlooks/aeo/pdf/electricity_generation.pdf

robust, and fully accounted for potential use conflicts. Further tailoring of the areas can take place at the proposed sale notice (PSN) stage, for example with the potential designation of limited transit corridors between leases.

BOEM should also ensure that each WEA is large enough to contain multiple lease areas. If the auction is limited to only two lease areas, the complications discussed above regarding supply chain buildout and investment certainty will be further compounded. We do note that the size of the lease areas should vary depending on water depth. Floating offshore wind installations in the Gulf may require more acreage than fixed foundation projects. The Galveston draft WEA contains areas appropriate for both fixed and floating foundations. We urge BOEM to collaborate with developers to ensure that future lease area acreage made available for auction meets both technical and economic requirements.

IV. BOEM should consider the Gulf's potential for clean hydrogen generation.

As BOEM considers how much acreage to lease in its first Gulf sale, it should consider not just considerable onshore load demand, but also alternative uses that are uniquely suited to the Gulf region: clean hydrogen generation.

Offshore wind leases in the Gulf represent an unparalleled opportunity to advance the generation of clean hydrogen (H2) generation, transportation, and usage. The 2020 McKinsey report, "Road Map to a US Hydrogen Economy," estimated that by 2030, the U.S. hydrogen economy could generate $140 billion per year in revenue and support 700,000 jobs and by 2050, $750 billion per year in revenue and a cumulative 3.4 million jobs, 14 percent of U.S. energy demand and lowering carbon emissions by at least 16 percent. The Gulf region already has a head start as a leader in hydrogen transportation and storage infrastructure, and many are viewing offshore wind as a promising source of energy to power the electrolysis process used to create green hydrogen. BOEM's push for offshore wind leasing in the Gulf also coincides with DOE's anticipated announcement of funding for clean hydrogen hub cities/areas under the IIJA, as well as the passage of a new 10-year production tax credit in the Inflation Reduction Act based on the kilograms of qualifying hydrogen produced at a facility that begins construction

prior to January 1, 2033, which can rise up to $3/kg/CO2e.[9] The credit is available in combination with the extended offshore wind Investment Tax Credit after January 2023.

Due to the reduced cost of direct transmission if produced adjacent to an offshore wind facility, green H2 has far-reaching possibilities. Offshore wind facilities could also be used to produce local hydrogen fuel that could be made into green ammonia and then shipped to other locations without congesting the grid or requiring construction and permitting for transmission. Many projects in Europe are under development, and some are nearing deployment. We encourage BOEM to look ahead and consider the immense potential of green hydrogen and provide sufficient flexibility to provide for current and even future development as the technology becomes more cost competitive.

V. BOEM Should Explain How It Will Address Conflicts with Existing Oil and Gas Infrastructure

The large quantities of oil and gas infrastructure in the Gulf represent not just an opportunity, but a challenge for offshore wind development. BOEM's draft ID memo makes numerous references to existing energy infrastructure as a potential conflict, but does not explain how BOEM intends to draw leases or how DOI will manage the multiple uses with wind and oil and gas to accommodate that infrastructure except to indicate 20- foot setbacks from active oil and gas pipelines, boreholes, test wells, and wells; and 500-foot setbacks from oil and gas platforms. We hope that the final WEA decision memorandum will provide more clarity on whether and to what extent BOEM intends to issue leases that overlap with existing infrastructure—and if so, how that overlap will be managed by BOEM and US Bureau of Safety and Environmental Enforcement. In determining the relationship between offshore wind development and existing energy infrastructure, we ask that BOEM consider which conflicts can be managed by lease stipulations and terms and conditions of COP approval, and which require removal of areas from wind leasing. We request that BOEM schedule further conversations on

[9] The credit rate is based on $0.60/kg base, but if labor and domestic content requirements are met, can rise to $3.00/kg.

this topic, particularly since several of our members have decades of experience constructing, operating, and decommissioning oil and gas infrastructure in the Gulf.

VI. BOEM Should Integrate ACP's Fisheries Compensation Fund Proposal into The Gulf Leasing Process

As BOEM moves from WEA designation to a proposed sale notice in the Gulf, it should take the opportunity to integrate ACP's proposal for the funding of a third-party fisheries compensation program as described more fully in comments that ACP submitted to BOEM in response to its request for information and draft fisheries mitigation guidance. We recognize that much work remains to be done with respect to engaging with Gulf fishing industries, states, and developers to determine how such a fund might be structured and who might manage it. But those tasks should not deter BOEM from implementing bidding credits that would incentivize an adequate and predictable stream of developer payments into such a fund. Both of our organizations look forward to working closely with BOEM, fishermen, and states to seize this historic opportunity to provide certainty to fishermen who might be affected by offshore wind development in the Gulf.

VII. BOEM Should Avoid Requiring a Two Nautical Mile Buffer Between Leases and Navigational Shipping Lanes

We appreciate that BOEM has and continues to work closely with the United States Coast Guard (USCG) to investigate potential navigational measures. However, we do not recommend that BOEM add a two nautical mile buffer to the existing fairways in the GOM at this early stage in the leasing process. Instead, we encourage BOEM to follow the standard practice used in the Atlantic OCS and defer determination of the need for such buffers until a project has been proposed and the proponent has submitted a navigational safety risk assessment (NSRA) to the USCG. This is consistent with the USCG's standard practice in nearly all of its port access route studies (PARS), as it avoids calling for one-size-fits-all setbacks from fairways

and other regulatory navigation lanes.[10] A one-size-fits-all two nm buffer could inadvertently leave thousands of acres of otherwise low-conflict sea space unable to be leased for offshore wind energy.

VIII. Instead, if there are specific areas where a two nm buffer may be necessary, that should be addressed on a case-by-case basis at the proposed or final sale notice stage. Conclusion

We urge BOEM to continue to move the Gulf of Mexico leasing process forward expeditiously in order to provide the opportunity for future growth in commercial interest in offshore wind generation in the region, to meet the nation and region's power generation needs and goals, and the nation and State of Louisiana's climate ambitions. We look forward to working with BOEM as it makes progress to lease the Gulf region for offshore wind development.

Respectfully,

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10 See, e.g., Final Report on The Areas Offshore of MA and RI PARS May 14, 2020, https://downloads.regulations.gov/USCG-2019-0131-0101/content.pdf.