

# San Luis Obispo Tribune

December 3, 2022

## Ocean off Morro Bay will be auctioned for wind energy leases on Tuesday. Here's how it works

This photo shows Hywind Scotland, the world's first floating wind farm, which is operated by Equinor. Michal Wachucik



BY MACKENZIE SHUMAN

On Tuesday, thousands of acres of federal ocean leases off California's coast will be auctioned off — likely raising billions of dollars — for floating wind developments that will feed the state's energy grid.

The Bureau of Ocean Energy Management has worked with private companies; local, state and federal government leaders; plus Native American tribes, the fishing community and various other stakeholders since at least 2016 to bring the vision of floating wind turbines in the Pacific Ocean to life.

"After years of planning and collaboration, I am excited that we are now only a few days away from the first-ever offshore wind lease sales on the West Coast," Congressman Salud Carbajal, D-Santa Barbara, wrote to The Tribune in an emailed statement on Friday. "Next week's auction will prove that not only does offshore wind hold incredible promise as a means to tackle climate change, but also that the private sector agrees that this is an economic powerhouse waiting to happen. ... I am confident that the interest in the sites next week will reflect the future prosperity that our region will see as a result."

The areas to be auctioned off cover massive swaths of the ocean, a total of 373,268 acres off the shores of the Central and Northern California coasts.

More precisely, 240,898 acres located about 20 miles west of Cambria and San Simeon in San Luis Obispo County will be auctioned, plus another 132,369 acres about 20 miles west of Eureka in Humboldt County, according to the BOEM's [October final sale notice](#) outlining the terms of the auction and lease stipulations.

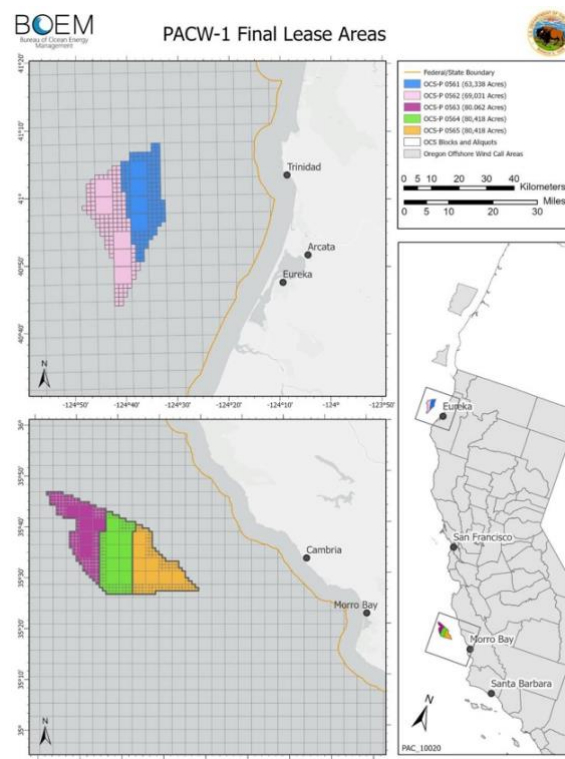
The Central Coast acreage has been titled by BOEM as the Morro Bay wind energy area, while the more northern acreage is called the Humboldt wind energy area. The Morro Bay wind energy area has been split into three leases of roughly 80,000 acres each, and the Humboldt wind energy area is split into two areas of about 63,000 and 69,000 acres, according to the final sale notice.

The areas set to be auctioned off on December 6 for development of massive floating offshore wind energy developments.  
Courtesy of the U.S. Bureau of Ocean Energy Management

In total, the two areas are expected to have the capacity to generate 4.5 gigawatts of electricity, or enough to power about 1.6 million homes, according to BOEM.

This energy will contribute to California's and the nation's green energy generation goals and requirements.

"I couldn't be more motivated to help address the formidable challenges of reducing global carbon emissions and managing climate change," wrote state Sen. John Laird, D-Santa Cruz, in an email to The Tribune on Friday. "To meet these challenges, we have a lot to do — and next week's wind energy lease auction is an essential step in the right direction. I can't wait to see which private partners will emerge from the auction to join California in a green and renewable path forward and to mitigate impacts to ensure a great outcome for people, coastal resources and the planet."



Anyone interested can monitor the bidding throughout the Tuesday auction on BOEM's website at [boem.gov/california](https://www.boem.gov/california). It begins at 7 a.m. and will continue until each lease area has no more than one live bid, according to BOEM spokesperson John Romero.

### HOW THE WIND LEASE BIDDING WILL GO

A total of 43 companies were qualified to bid on the two offshore lease areas, according to BOEM's October final sale notice. The companies range from subsidiaries of oil and gas giants to companies solely focused on offshore wind or renewable energy development.

Should the bidding continue late in the day, BOEM could call a recess and pick it back up again the next day, Romero told The Tribune.

BOEM will increase or decrease the bidding increments "as it deems appropriate," Romero added.

The cash raised from the auction will go directly to the U.S. Treasury general fund, Romero wrote.

Bids for the leases start at \$100 per acre and are expected to grow substantially from there. A February auction for offshore wind energy ocean space near New York generated as much as \$10,696 per acre, bringing in a total of \$4.37 billion, according to the U.S. Department of the Interior.

Companies can qualify for bidding credits, or a certain percentage discounted from their winning bid. Up to 20% off could be awarded should the winning company show that it will establish a pathway for offshore wind energy workforce training, supply chain development or a combination of the two.

Another 5% could be awarded off the winning bid if the company shows it has entered into agreements with communities, industries and tribes that have historically used and benefited from the ocean waters set for offshore wind energy development.

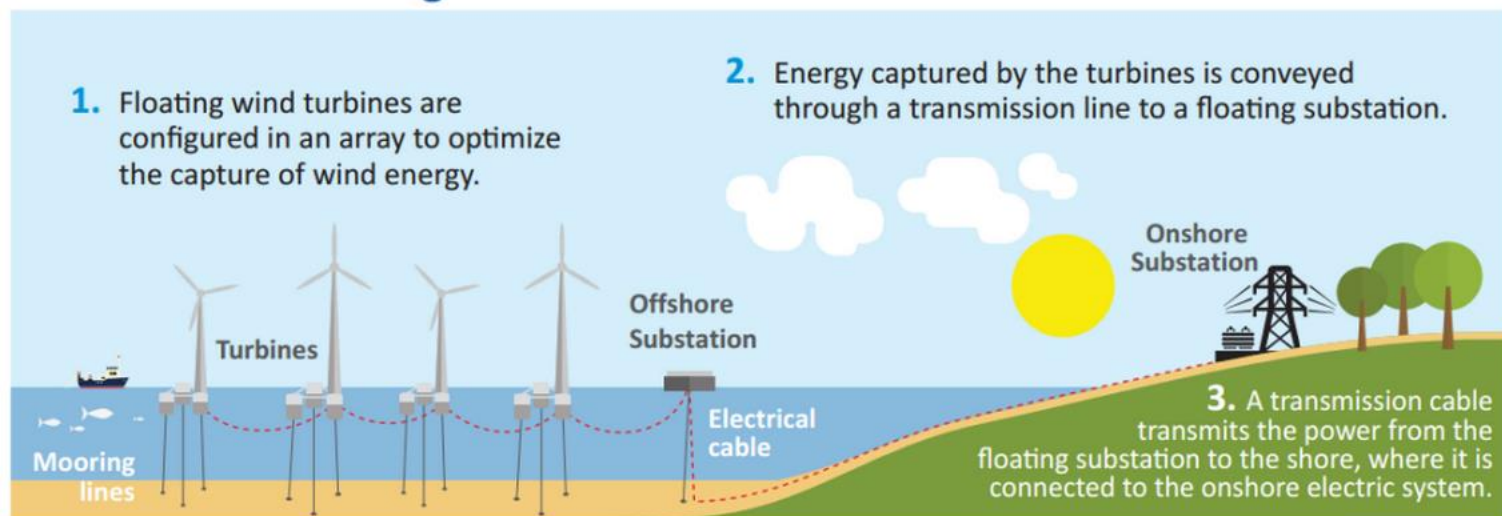
Should a company win a lease area, that doesn't mean it can begin construction on a wind energy development right away. The company will have up to a year to submit site assessment plans to BOEM, which outline how the company will evaluate the site for potential development down the line.

Then, companies will have up to five years to submit a construction and operations plan outlining how they will develop and maintain the ocean space.

Throughout the entirety of the project timeline, the companies will have to earn permits from local, [state](#) and other federal bodies before any ocean activity or development takes place, according to Romero.

BOEM officials have previously said they wish to have [floating wind turbines in the Pacific Ocean by 2030](#).

## How Offshore Floating Wind Farms Work



Energy captured by offshore wind turbines on the Central Coast would be transmitted by cable to shore, where it could connect to California's grid through either the Morro Bay Power Plant or Diablo Canyon nuclear power plant, which is scheduled to close in 2025. Floating turbines would be connected by cables and anchored to the ocean floor. U.S. Bureau of Ocean Energy Management