

ML Strategies Client, Deepwater Wind, Wins First Federal Auction for Commercial Offshore Wind Development

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In the United States' first competitive lease auction for commercial offshore wind development, Deepwater Wind, a ML Strategies client, won the provisional rights to develop two lease blocks about 17 miles south of Rhode Island between Block Island and Martha's Vineyard. The sites, which lie on the Outer Continental Shelf, total approximately 165,000 acres.

Deepwater Wind previously won a competitive statewide solicitation in Rhode Island, becoming the preferred offshore wind developer in the state. Under the conditions of the lease, in addition to the winning bid of \$3.8 million, Deepwater will pay annual rent payments to the federal government beginning this year. Once the wind farm becomes operational, Deepwater will pay an annual royalty fee based on the amount of energy produced from the site.

On location, Deepwater Wind plans to develop a utility-scale wind farm, known as the Deepwater Wind Energy Center. The project, which will have a capacity of up to 1,000 MW, will provide reliable, clean energy to multiple energy markets via a transmission system that links Long Island and southeastern New England. The project's transmission network can also reduce transmission congestion on Long Island, which currently drives up power prices there.

Deepwater Wind expects to begin construction on the Deepwater Wind Energy Center by 2017 and hopes that power production from the first turbines will commence in early 2018. The farm will have 200 utility-scale turbines that will be virtually invisible from the shore as all turbines will be situated more than a dozen miles from land. In fact, many will be 20 to 25 miles from the nearest landfall. The project will displace an estimated 1.7 million tons of carbon dioxide emissions annually.

The Department of Interior will hold another lease sale on a **second lease sale** September 4 for about 112,800 acres near Virginia Beach, Virginia. Additional auctions are planned in 2013 and 2014 for offshore areas near Massachusetts, Maryland, and New Jersey. Secretary of the Interior Sally Jewell called offshore wind an "exciting new frontier that will help keep America competitive, and expand domestic energy production," without increasing carbon pollution. As the U.S. government moves forward to implement President Obama's "all-of-the-above" energy strategy and look to reduce carbon emissions according to his Climate Action Plan, these offshore commercial wind project leases will be an important part of the mix.

Mintz Levin's Energy and Clean Technology group along with ML Strategies continues to monitor this and all related developments. Please check our [Energy and Clean Technology Matters](#) blog or ML Strategies' weekly [Energy and Environment Update](#) for the latest.

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