

# Offshore Wind in the Gulf of Mexico



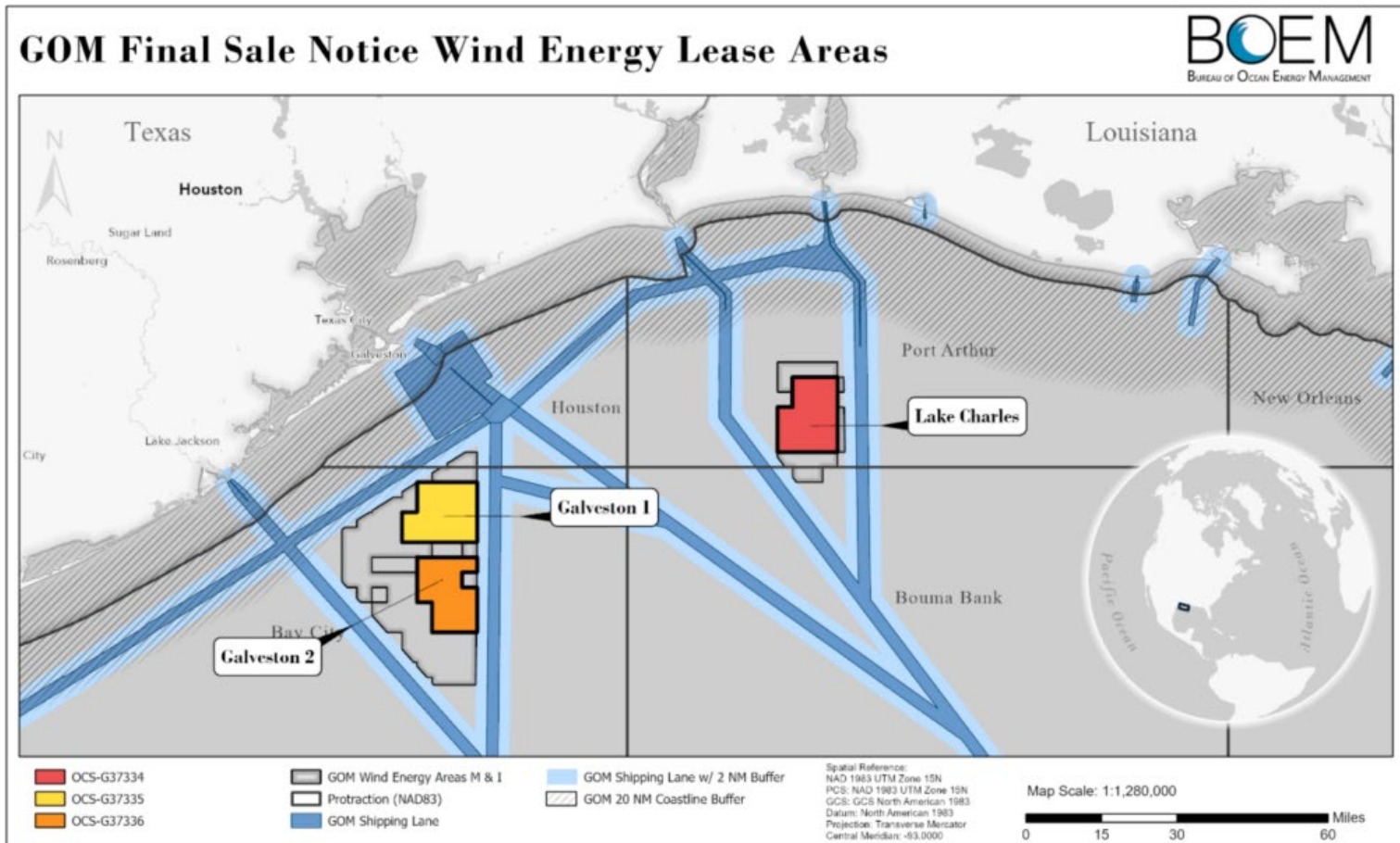
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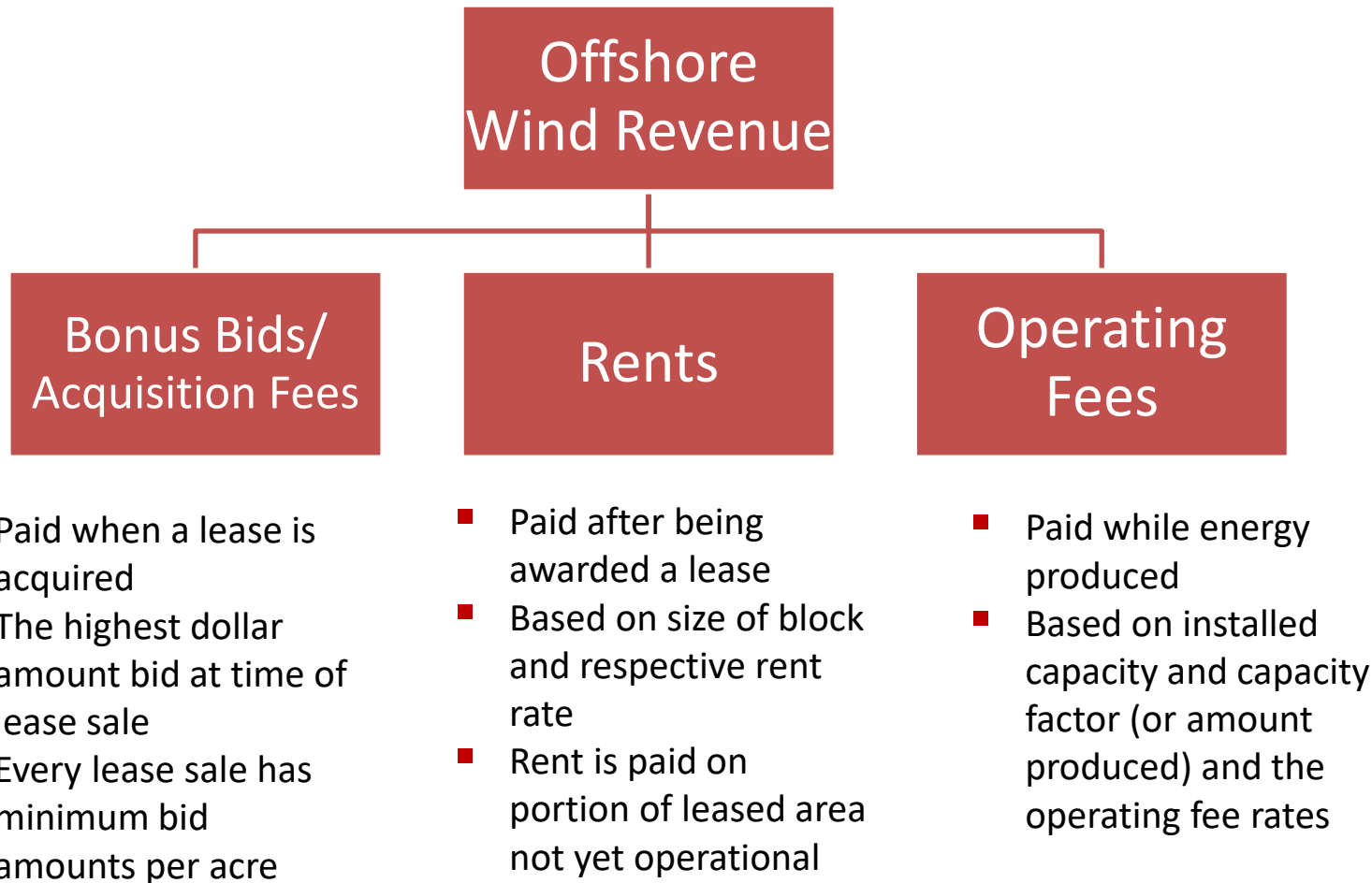
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# Gulf of Mexico Wind Auction



# Major Sources of Wind Revenue



# Rental and Operating Fees

**BEFORE OPERATION BEGINS:** Lessees pay an annual rental fee of \$3 per acre

**ONCE OPERATION BEGINS:** A fee formula is used to calculate payment for the portion of the lease under operation<sup>†</sup>

Installed capacity in MW \* hours per year \* Capacity Factor of 0.3 \* Average Annual Wholesale Electricity Price (\$/MWh) \* Operating fee rate of 2%

$$\text{Annual Op Fee} = MW \times 8,760 \frac{\text{hrs}}{\text{yr}} \times 0.3 \times \frac{\$}{\text{MWh}} \times 0.02$$

<sup>†</sup> For leases with only partial development, the annual fee will be applied based on the percentage of remaining capacity to be installed.



# Comparing Gulf of Mexico Wind Development Potential

Factor	Massachusetts	North Carolina	California	New York
1. Net Value				
2. Development Cost				
3. Fixed vs Floating	Fixed	Fixed	Floating	Fixed
3. Workforce	-	-	-	-
3. Infrastructure	-	-	-	-
3. R&D (Turbine Size)	+	+	+	+
2. Electricity Revenue				
3. Wind Speed	+	+	+	+
3. Electricity Price	+	+	+	+
4. Renewable Portfolio Standard	+	.	+	+

+/- equals increase/decrease in benefit to state, compared to Gulf of Mexico



# Gulf of Mexico Wind Auction (8/29/23)

- 16 eligible bidders (15 listed on website)
- 2 bids on Lake Charles. No bids on Galveston I or II
- Minimum bid \$50/acre
- Capacity set at .3 (30% for first 6 years of operation), adjusted at end of year 6
- Credits for workforce/supply chain (20%), fishing mitigation (10%)

Company name	Company No.
547 Energy LLC	15123
Avangrid Renewables, LLC	15019
Coastal Offshore Renewable Energy LLC	15173
energyRe Offshore Wind Holdings, LLC	15171
Equinor Wind US LLC	15058
Gulf Coast Offshore Wind LLC	15172
Gulf Wind Offshore LLC	15178
Hanwha Offshore North America LLC	15176
Hanwha Q CELLS USA Corp	15156
Hecate Energy LLC	15166
Invenergy GOM Offshore Wind LLC	15177
RWE Offshore US Gulf, LLC	15169
Shell New Energies US LLC	15140
TotalEnergies Renewables USA, LLC	15136
US Mainstream Renewable Power, Inc	15089

Source: <https://www.federalregister.gov/documents/2023/07/21/2023-15501/final-sale-notice-fsn-for-commercial-leasing-for-wind-power-development-on-the-outer-continenta>



# Gulf of Mexico Wind Auction

Gulf of Mexico Offshore Wind Lease Sale	Lake Charles		Galveston I		Galveston II	
	OCS-G 37334 102,480 Acres		OCS-G 37335 102,480 Acres		OCS-G 37336 96,786 Acres	
	Number of Live Bids	Amount	Number of Live Bids	Amount	Number of Live Bids	Amount
Round 1 9:00 a.m. ET	2	\$5,124,000	0	\$5,124,000	0	\$4,839,300
Round 2 9:50 a.m. ET	1	\$5,600,000	0	\$5,124,000	0	\$4,839,300

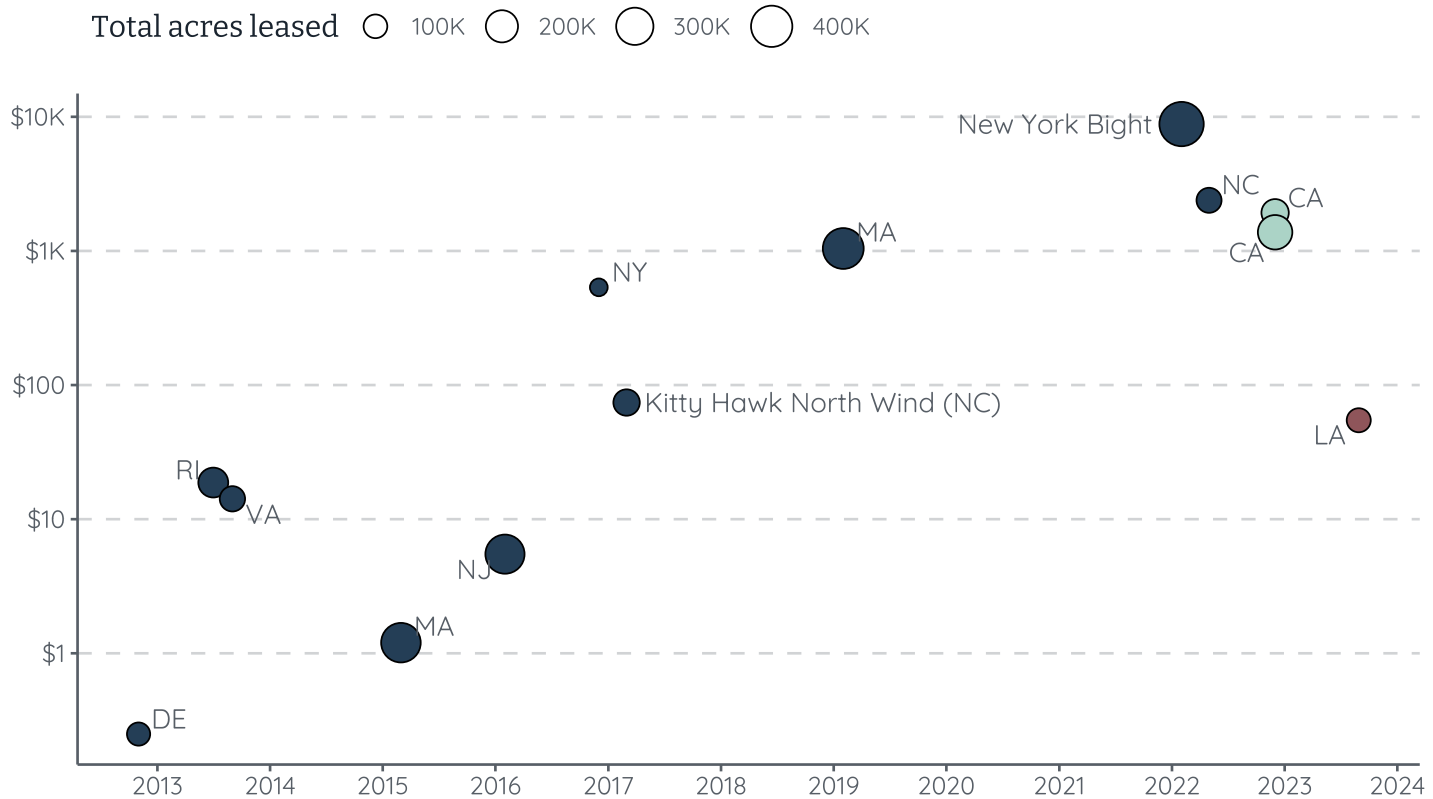
- \$55/acre
- Winning bidder: RWE Offshore US Gulf, LLC
  - \$860,000 credits for workforce training and a domestic supply chain
  - \$430,000 credits for fisheries compensatory mitigation
  - Potential to generate 1.24 gigawatts of offshore wind energy capacity and to power 435,400 homes



# Mean Price Per Acre

## Mean price per acre

Offshore wind leases in the **Atlantic**, **Pacific**, and **Gulf of Mexico**.



Lease data available on boem.gov. Number of leases by state:  
CA = 5, DE = 1, LA = 1, MA = 5, NC = 3, NJ = 2, NY = 7, RI = 1, VA = 1.





# Contextualizing Gulf of Mexico Bids

- Similar to NC's first auction (Kitty Hawk North Wind in 2017)
- Supply chain concerns
- Inflation
- Rice's whale protections
- Hurricane threats
- Decreasing support for renewables in TX



# Considerations for Louisiana

- Update GOMESA to include revenues from wind energy in the Gulf of Mexico
- The development of state Renewable Portfolio Standard and procurement programs like power purchase agreements (PPAs) and offshore wind renewable energy certificates (ORECs) would create greater developer interest in Gulf of Mexico wind activities
- Use of workforce development/supply chain and fishing compensatory mitigation credits by winning bidder suggest incentives matter



# QUESTIONS

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Read the policy brief: [\*Winds of Change: Navigating the Gulf of Mexico's New Energy Frontier\*](#)



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