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## Federal Offshore Wind Leasing Program



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The federal offshore wind program oversees wind energy development in our nation’s federal waters in the Outer Continental Shelf (OCS). The program was first authorized in 2005 and officially began in 2009.<sup>1</sup> As of May 2026, BOEM has issued [53 leases](#) and rights-of-way grants across the Atlantic, Pacific, and Gulf of Mexico regions and manages 42 active leases.

OCS is defined as “all submerged lands lying seaward and outside of the area of lands beneath navigable water,”<sup>2</sup> and federal jurisdiction over the OCS typically extends from three nautical miles (nm) offshore to the 200 nm boundary of the U.S. Exclusive Economic Zone. Coastal states have jurisdiction over OCS areas within three nm of the coastline, except Texas, the Gulf Coast of Florida, and Puerto Rico, where jurisdiction extends to nine nm from the coastline.<sup>3</sup>

Resources in the OCS in U.S. waters belong to all Americans and must be managed to provide a fair return to taxpayers. The Bureau of Ocean Energy Management (BOEM), within the Department of the Interior (DOI), oversees renewable energy development in the OCS, including offshore wind. Federal OCS jurisdiction covers approximately 3.2 billion acres,<sup>4</sup> though new offshore wind leasing is currently paused under an Administration moratorium.<sup>5</sup>

- The Federal Offshore Wind program in the Outer Continental Shelf is managed by the Bureau of Ocean Energy Management (BOEM), within the Department of the Interior (DOI).
- The offshore wind program generates revenue through bonus bids at competitive auctions, annual per acre rental fees, and operating fees once a project starts generating electricity.
- The recent leasing moratorium and lease termination agreements will hurt U.S. taxpayers and consumers by decreasing federal revenue and removing capacity from the grid.

## Wind Leasing in the Outer Continental Shelf (OCS)

The Outer Continental Shelf Lands Act of 1953 (OCSLA) established the fundamental legal principle that OCS resources belong to all U.S. citizens and must be managed to ensure a fair return to the public. The Energy Policy Act of 2005 amended OCSLA to grant BOEM the explicit authority to issue leases, easements, and rights-of-way for activities that produce or support the production, transportation, or transmission of energy from sources other than oil and gas.<sup>6</sup>

The vast majority of revenue generated from offshore wind leases is distributed to the U.S. Treasury and several federal programs. Under current law, states may receive 27% of certain revenues from leases located within the first three nautical miles of federal waters. Currently one project is located within this revenue sharing zone.<sup>7</sup> In FY2025, the Office of Natural Resources Revenue reported \$97.4 million in revenue from offshore wind leases.<sup>8</sup>

In early 2025, a moratorium on wind leasing and permitting was issued and the entirety of the OCS was withdrawn from availability for "any new or renewed wind energy leasing".<sup>9</sup> Since then, no new lease sales have been held. Although the moratorium stated that existing leases would not be affected, subsequent actions have sought to slow or halt permitting and approval activities. A federal court ruled against the moratorium, but no lease sales have been held in the OCS to date.<sup>10</sup> Most recently, DOI announced agreements to terminate several offshore wind leases.

## Lease Sale Process

The lease sale process begins with BOEM issuing a Request for Information (RFI) to gauge industry interest and gather public feedback. If competitive interest is verified, BOEM defines Wind Energy Areas (WEAs) for sale and conducts a programmatic Environmental Assessment to evaluate potential impacts of lease issuance.

Lease sales are conducted through ascending clock auctions. A bidder's initial bidding eligibility, or the number of leases it can bid on, is determined by the size of its upfront cash deposit. Depending on the specific auction, BOEM may also limit bidders to winning a maximum of one lease overall or set limits by geographic region.

The auction takes place over a series of timed online rounds. In Round 1, BOEM sets an opening price for each lease area, and bidders submit which leases they would like to bid on at that price, up to their number of eligibility. In all subsequent rounds, if multiple bidders express interest in the same lease, additional rounds are held at progressively higher prices until competition is resolved. During each additional round, bidders submit bids within a range, from the lowest "start-of-round price," which is calculated based on the previous round's results, to a new, higher "clock price."

In any round after Round 1, a bidder can make one of three moves:

- **Maintain Demand:** The bidder agrees to stay on their current lease all the way up to the clock price, the highest price associated with that round.
- **Reduce Demand (Exit):** The bidder sets a maximum price within the approved range that it is willing to pay and exits the bidding if the price rises above that amount.
- **Increase Demand (Switch):** The bidder agrees to bid on a different lease area and pay up to the clock price on a new lease they weren't bidding on in the previous round, effectively switching targets.

The auction continues round-by-round until there is no longer overlapping competition for any lease area. The last remaining bidder is designated as the provisional winner. To encourage honest bidding, winners generally pay the highest price at which there was active competition up until their opponents dropped out, rather than their final bid, subject to any qualified bidding credits that may apply. Competitive auctions are intended to ensure taxpayers receive market-based compensation for the use of publicly owned offshore resources.

## **Lease Terms**

Offshore wind leases issued in the OCS have a preliminary term of four and a half years during which lessees must submit a Site Assessment Plan describing planned activities, such as the installation of meteorological towers and buoys. After BOEM approves the Site Assessment Plan, lessees have up to four and a half years to submit a Construction and Operations Plan (COP). Once a COP is approved, the lease will have an operation term of 35 years.

Offshore wind leases generate revenue through three primary sources: upfront bonus bids, annual rental payments, and operating fees once a project begins producing electricity. A bonus bid is the amount offered during the ascending clock auction to secure a lease and must be paid in full within ten business days of lease issuance. Before commercial operations begin, an operator must also pay an annual rental fee of \$3.00 per acre. Once a project begins generating electricity, the rental fee is replaced by an operating fee based on project size, expected output, electricity prices, and a fixed operating fee rate. BOEM calculates this fee annually using a standardized formula:

$$F_t = M_t * H * C_f * P_t * r_t$$

- $F_t$ : The total annual operating fee owed to the federal government for operating year  $t$ .
- $M_t$ : The nameplate capacity of the wind generation facility in megawatts (MW)
- $H$ : The standardized billing hours in a calendar year, set at 8,760 hours.
- $C_f$ : The capacity factor, representing the project's efficiency, initially set at 40%. Over the life of the project, this factor is dynamically adjusted during designated five-year performance periods using actual net generation data reported by the developer.
- $P_t$ : The annual average wholesale electric power price determined by BOEM using data from independent market analysts such as S&P Global. These prices are based on average hourly wholesale electricity prices from the prior calendar year at designated regional pricing hubs.
- $r_t$ : The operating fee rate, established in the lease agreement and typically fixed at \$0.02 (2.0%). Under standard leasing terms, this rate does not change over the life of the lease.

## Bonding

To ensure taxpayers do not bear the cost of removing turbines at the end of their operational life, BOEM requires lessees to provide financial assurance in the form of surety bonds, Treasury securities, certificates of deposit, or letters of credit to cover decommissioning costs.<sup>11</sup> The minimum bond amount is equal to 12 months of rent, or \$3.00 per acre, and BOEM may require additional financial assurance.<sup>12</sup> Before 2024, offshore wind leaseholders were generally required to provide full decommissioning security upfront. A final rule issued in 2024 allows operators to provide financial assurance incrementally over time, with scheduled payments tied to construction and installation milestones.<sup>13</sup>

## Leasing History

To date, BOEM has issued [53 leases](#) and rights-of-way grants across the Atlantic, Pacific, and Gulf of Mexico regions and is currently managing 42 active leases. Before the leasing moratorium, BOEM had approved Construction and Operations Plans for 11 offshore wind projects.<sup>14</sup> Of those projects, [South Fork Wind](#) and [Vineyard Wind 1](#) are operational and producing electricity.<sup>15</sup> Two additional projects, [Revolution Wind](#) and [Coastal Virginia Offshore Wind](#), are partially constructed and have begun delivering power to the grid.<sup>16</sup> The remaining projects are at various stages of planning and construction.

Although these projects had already received federal approvals, the Administration sought to reverse several approvals by issuing [stop-work orders](#) in 2025. Those actions prompted litigation, resulting in preliminary injunctions that limited the Administration's ability to enforce the orders.

More recently, DOI announced that it had signed four lease buyout agreements with TotalEnergies, Bluepoint Wind, and Golden State Wind.<sup>17</sup> Under the agreements, DOI will refund the full amount of bonus bids paid for the leases in exchange for equivalent investments by the companies in conventional energy projects, including a liquefied natural gas terminal in Texas.

## Conclusion

Responsible offshore wind development can provide a fair return to taxpayers and cover the costs of decommissioning, providing benefits for both taxpayers and consumers. Our nation benefits from a robust, diverse energy market that uses our natural resources to the benefit of all Americans. Limiting these options will only cost us in the long run.

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<sup>1</sup> Bureau of Ocean Energy Management, "Renewable Energy on the Outer Continental Shelf," accessed July 2, 2026. <https://www.boem.gov/renewable-energy/renewable-energy-program-overview>

<sup>2</sup> Bureau of Ocean Energy Management, "Outer Continental Shelf," Oil & Gas Energy: Leasing, accessed June 26, 2026, <https://www.boem.gov/oil-gas-energy/leasing/outer-continental-shelf>.

<sup>3</sup> National Oceanic and Atmospheric Administration, "Maritime Zones and Boundaries," Office of General Counsel: International Section, accessed June 26, 2026, <https://www.noaa.gov/maritime-zones-and-boundaries>.

<sup>4</sup> Bureau of Ocean Energy Management, "Outer Continental Shelf," Oil & Gas Energy: Leasing, accessed June 26, 2026, <https://www.boem.gov/oil-gas-energy/leasing/outer-continental-shelf>.

<sup>5</sup> President Trump issued a memorandum on wind leasing and permitting on January 20, 2025.

<sup>6</sup> Energy Policy Act of 2005, Pub. L. No. 109-58, 119 Stat. 594, sec. 388 (2005).

<sup>7</sup> Congressional Research Service (CRS), "Offshore Wind: Status and Issues for the 119th Congress." June 26, 2026. <https://www.congress.gov/crs-product/IF13034>.

<sup>8</sup> Bureau of Ocean Energy Management, "Outer Continental Shelf," Oil & Gas Energy: Energy Economics, accessed June 26, 2026, <https://www.boem.gov/oil-gas-energy/energy-economics/ocs-revenue>.

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<sup>9</sup> Donald Trump, "Temporary Withdrawal of All Areas on the Outer Continental Shelf from Offshore Wind Leasing and Review of the Federal Government's Leasing and Permitting Practices for Wind Projects," Presidential Memorandum, January 20, 2025, <https://www.whitehouse.gov/presidential-actions/2025/01/temporary-withdrawal-of-all-areas-on-the-outer-continental-shelf-from-offshore-wind-leasing-and-review-of-the-federal-governments-leasing-and-permitting-practices-for-wind-projects/>.

<sup>10</sup> United States District Court District of Massachusetts, State of New York, et al. v. President of the United States, et al. <https://www.courthousenews.com/wp-content/uploads/2025/12/trump-wind-energy-ruling.pdf>.

<sup>11</sup> CRF 30 § 585.526

<sup>12</sup> CRF 30 § 585.516

<sup>13</sup> "Renewable Energy Modernization Rule," *Code of Federal Regulations*, title 30, part 585(2024), <https://www.federalregister.gov/documents/2024/05/15/2024-08791/renewable-energy-modernization-rule>.

<sup>14</sup> U.S. Department of the Interior, "Biden-Harris Administration Approves Eleventh Offshore Wind Project in U.S. History," Press Releases, December 20, 2024, <https://www.doi.gov/pressreleases/biden-harris-administration-approves-eleventh-offshore-wind-project-us-history>.

<sup>15</sup> CRS, "Offshore Wind: Status and Issues for the 119th Congress." June 26, 2026, <https://www.congress.gov/crs-product/IF13034>.

<sup>16</sup> CRS, "Offshore Wind: Status and Issues for the 119th Congress." June 26, 2026, <https://www.congress.gov/crs-product/IF13034>.

<sup>17</sup> U.S. Department of the Interior, "Interior Announces Two Historic Agreements to Promote Affordable, Reliable Energy Production in the United States," Press Releases, April 27, 2026, <https://www.doi.gov/pressreleases/interior-announces-two-historic-agreements-promote-affordable-reliable-energy>; U.S. Department of the Interior, "Interior and TotalEnergies Agree to End Offshore Wind Projects, Lowering Costs for American Families," Press Releases, March 23, 2026, <https://www.doi.gov/pressreleases/interior-and-totalenergies-agree-end-offshore-wind-projects-lowering-costs-american>.