Question and Answer Document on the BOEM Auction System

BOEM is using a new BOEM Auction System for offshore wind lease sales beginning in 2024. For more details and examples, please refer to [Auction Procedures for Offshore Wind Lease Sales](#). For information on login and authentication, please refer to [BOEM Auction Login and Authentication Procedures](#).

This document will be periodically updated as we receive questions on the new auction procedures. Please email sarah.coffman@boem.gov if you have additional questions.

Q1. The auction rules say a bid to reduce demand on the lease area you are 'on' and increase it on another will not be granted if granting it will leave the lease you are 'on' on zero demand. Is this still the case if the lease area you are switching to has zero demand (i.e. no one has bid on it so far in the auction)? And if there are previous bids on the lease you are 'on' that were processed first.

Answer: Yes – that is correct; you cannot leave the lease area if doing so would result in the demand dropping to zero.
Bids are processed based on price points in ascending order in a given round. Price point indicates the percentage of the distance between the start-of-round price and the clock price. Your request to leave an area will be considered only in regards to that price point, and not related to the area you are trying to switch to. In your question, if you submit a bid price where your calculated price point is the highest out of all the requests to reduce demand on that lease area, yours will be processed last. If your request would cause aggregate demand on that lease area to drop to zero, your request would not be applied.

Q2. In the "Bid Processing Overview" (slide 14), it says that bid processing ensures that at least one bidder remains on each lease area, so there is a no excess supply rule. How does BOEM determine which bidder stays on if both decide to reduce their bids?

Answer: Bids are processed based on price points in ascending order in a given round. Price point indicates the percentage of the distance between the start-of-round price and the clock price. If aggregate demand from the previous round is 2, and both bidders choose to not pay the clock price in the current round, the bidder who requests to reduce demand at the lower price will have its bid processed first, and the bidder with the higher price will remain on the lease area.
For example, if the current start-of-round price is $100,000 and the clock price is $150,000, and Bidder A and Bidder B submits a bid to reduce demand at $125,000 (price point is 50%) and $130,000 (price point is 60%), respectively, Bidder A's bid will be processed first because of the lower calculated price point. Thus, Bidder B's bid will not be applied and will remain on the lease area.