

Far more important than the type of authorization instrument, however, is ensuring that the selected instrument specifically conveys all rights and interests necessary to development of the project. For a wind energy project, the developer needs full access and use of OCS lands, but may not have as much concern about full use of the water column between each wind turbine. By contrast, for a wave energy developer, an authorization instrument must guarantee the ability to full use and capture of the wave power within the waters encompassed by the project boundaries. Moreover, project boundaries for wind, wave or tidal projects must be drawn such that adjacent projects do not adversely affect one another's operation.

General Issue C: Solicit interest for development projects.

Sites for commercial projects could be solicited by MMS in a "Call for Nomination," issued early in the process of identifying "Strategic Regions" to include in a three-year leasing program, as described previously. Sites for demonstration projects would be self-selected by industry.

General Issue D: Identify terms and conditions of use such as: issuance, duration, assignment of rights, suspension and cancellation of rights and limitation of rights.

Under an "Option to Lease" companies should retain the sole right to develop in the awarded lease area that they have investigated for a period of three years after the execution of the option agreement under which such investigation was carried out. An ROW for a commercial project should extend at least 20 years or other such period sufficient to enable a developer to recover investment. As technologies change and emerge, the industry may discover that authorizations or investigation periods of different durations are more appropriate, so we encourage MMS to remain flexible and periodically revisit the duration requirement.

The option agreement should include a mechanism whereby the option is withdrawn if companies do not carry out their development plans. The option agreement should specify a timetable for site surveying and resource assessment and for permit applications, with agreed-upon