

Notice of Foreign Content Waiver Request

Action: Notice, request for comments.

Web posting date: March 23, 2023

Close of public comment period: 15 days following the web posting date.

Summary: The Maritime Administration (MARAD) is seeking comments on whether a waiver of the domestic content requirement set forth in 46 CFR 298.13(b)(2) should be granted to permit the inclusion of certain foreign components in the issuance of Federal Ship Financing Program (“Title XI”) loan guarantees to finance a portion of the construction costs of the service operation vessels (SOVs) by ECO Edison, LLC (“ECO”) and Offshore Wind Support, LLC (“Offshore”) for use in support of offshore windfarm construction and maintenance. Such ship components must be compatible for use in the SOVs, meet the inspection standards of the United States Coast Guard with respect to the operation of U.S.-flag vessels, and meet acceptable marine standards, warranties, and safety requirements of the American Bureau of Shipping (ABS) or other applicable classification society. Domestically manufactured components specified for the construction of a ship may be either unavailable or, if available, cannot be used as a substitute within a system of components that is foreign manufactured.

ECO and Offshore each submitted requests to MARAD to waive the domestic content requirement for the following foreign components necessary for construction of the SOVs pursuant to 46 CFR 298.13(b)(2), as part of their applications for Title XI loan guarantees:

Marine Propulsion

- a. Propulsion Units that provide magnitude and direction of thrust in a circular disk with movable and controllable blades installed at a 90-degree angle to the disk rotates at the vessel bottom and associated accessories
- b. Diesel Electric Propulsion Generators

Auxiliary Systems

- a. 3D Motion Compensated Offshore Crane
- b. Bow and Tunnel Thruster(s) and associated accessories
- c. Anti-Heeling Pumps
- d. Vacuum Collection Head System, Bailing Press, Mini Recycle Shredder, & Accessories
- e. Anchor Windlass & Chain Stoppers
- f. Water Mist Fire Suppression and Alarm Systems

Electric Plant

- a. Power System (main switchboard, distribution panels, VFDs, BTT motors, distribution transformers, generators, EGMS and PMS)

- b. Ship Service Switchboards
- c. Automatic Voltage Regulators, Enhanced Generator Monitoring System, High Resistance Ground, Exhaust Vibration Mounts & Other Electrical accessories
- d. Generator VFD Converters

Outfitting and Furnishings

- a. Walk to Work and Boarding Gangways and associated accessories
- b. Helideck, Foam Skid, & accessories
- c. Modular Heads
- d. Joiner Bulkheads and Doors
- e. Marine Furniture
- f. Watertight Doors
- g. Meta Ceiling Panels
- h. Pilothouse and Portlight Windows
- i. 6-Person Rescue Boat
- j. Hose Couplings and Tank Fittings
- k. Heated Straight Line Wipers w/ Wash Nozzles

Each waiver request included the certification required by 46 CFR 298.13(b)(2), stating that the above items are either not available in the United States on a timely or price-competitive basis or the domestic item or service is not of sufficient quality. MARAD's Office of Shipyards and Marine Engineering (OSME) reviewed the foreign components in the waiver requests and validated that such requests satisfied the Title XI regulatory requirements for the requested foreign costs.

The projects consist of post-delivery financing for the SOVs, which will be the first two constructed in the U.S. for use in the construction, operation, and maintenance of offshore windfarm facilities in the northeast United States. The projects support the LaShip shipyard in Houma, Louisiana, and the Tampa Ship shipyard in Tampa, Florida, the shipyards constructing the SOVs. The approval of the domestic content waivers for the SOVs is necessary to finalize the Title XI loan guarantees for the projects.

MARAD will only consider a domestic content waiver when the conditions in 46 CFR 298.13 have been met. Rather than affirmatively requiring recipients to meet a domestic content standard as a condition of financial assistance, under Section 298.13(b)(2), MARAD excludes from the loan guarantee amount the costs of foreign components and services used in vessel construction unless MARAD grants a waiver for those costs. If the foreign component is available in the U.S. on a timely or price-competitive basis and is of sufficient quality, then MARAD will not approve the inclusion of that cost as part of the financeable cost of a project. MARAD will not consider requests to include costs for foreign components that are a major part of the ship's hull and superstructure.

MARAD will consider all comments received in the initial 15-day comment period during our evaluation of the waiver request. Comments received after this period, but before final determination, will be considered to the extent practicable.

MARAD Contacts: For questions about the notice, David Gilmore, MARAD Office of Marine Financing, 202-366-5737, or via email at marinefinancing@dot.gov.

Comments may be submitted below.