

MADE IN AMERICA WAIVER NOTIFICATION ECO EDISON, LLC

Summary

This notice provides information regarding the finding by the Maritime Administration (MARAD) that it is appropriate to grant a waiver of the domestic content requirement set forth in 46 CFR 298.13(b)(2) 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 two service operation vessels (the “SOVs” or the “Vessels”), one by ECO Edison, LLC (“ECO”) and one by Offshore Wind Support, LLC (“Offshore”), for use in support of offshore windfarm construction and maintenance. The foreign components, which are incorporated into the SOVs, are necessary for their operation.

Background

Title XI’s Domestic Content Requirement

Under Title XI, MARAD provides loan guarantees to assist with construction and/or reconstruction of U.S.-flagged vessels in domestic shipyards, pursuant to the requirements set forth in 46 U.S.C. Chapter 537 and 46 CFR Part 298, including requirements for domestic content in the vessels. Ship components must be compatible for use in a vessel, meet the inspection standards of the United States Coast Guard (“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. However, 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.

MARAD will only consider a waiver of the domestic content requirement 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.

The Title XI Projects and Request for Waiver

The M/V ECO EDISON and Hull 341 (the Vessel unnamed for now) are the first two SOVs constructed in the U.S. to service the emerging offshore wind farm industry. In support of the

Biden-Harris Administration prioritization of the development of offshore windfarm facilities, MARAD is prioritizing financing of new Jones Act-qualified offshore windfarm vessels. The projects consist of post-delivery financing for the SOVs, set for use in the construction, operation, and maintenance of the offshore windfarm facilities in the northeast United States.

ECO and Offshore each submitted requests to MARAD to waive the domestic content requirement for certain 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. Each waiver request included the certification required by 46 CFR 298.13(b)(2), stating that the below 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. Additionally, MARAD recently posted a request for information on foreign components in the Federal Register (FR #2023-04352) that included the aforementioned components, and one domestic manufacturer for foreign content in this waiver request was identified in the public comments and after review, MARAD removed the anchor windlass identified in the comment from the list of eligible foreign components.

The projects consist of post-delivery financing for the SOVs. The projects support the LaShip shipyard in Houma, Louisiana, Gulf Ship shipyard in Gulfport, Mississippi, 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.

The Waiver Request

MARAD reviews waiver requests and certifications as part of its role in evaluating each project's design, construction costs, and the shipyard's ability to construct a Vessel before approval or disapproval of a loan guarantee. MARAD manages the Small Shipyard Grant Program and has regular contact with large and small shipyards and is well-placed to understand the pricing and availability of components required in ship construction. U.S. shipyards commonly source certain specialty parts from foreign sources because there is insufficient demand for them in the U.S. to support domestic businesses that supply them. Additionally, in some cases the components may be available domestically, but they are not designed for use in the marine environment and may compromise the integrity and reliability of the operation of a Vessel.

In its evaluation of the requests, MARAD's Office of Shipyards and Marine Engineering (OSME) reviewed the foreign components in the waiver requests and validated that each line item satisfied the Title XI regulatory requirements for cost and technical availability through extensive marine industry vendor online resources and substantial professional network connections. It also compared them against the list of foreign components in the MARAD Request for Information that was published for public comment in the Federal Register on March 3, 2023, and the associated public comments.

On April 11, 2023 MARAD published a proposed waiver of the Title XI domestic content requirements for certain foreign components in the two vessels on the MARAD [Made in America webpage](#) and requested public comment for a period of 15 days. The proposed waiver notices were also posted on MadeinAmerica.gov and the DOT Made in America page. MARAD received one public comment on the proposed waiver. The commenter stated that their client was one of several domestic manufacturers of watertight doors that are approved by a classification society and could be used on the SOVs. After a review of the validity of the comment, MARAD has removed watertight doors from the list of foreign components in the final waiver.

Finding on the Waiver

Based on all the information available to the agency, MARAD concludes that it is appropriate to issue a foreign content waiver for a portion of the construction costs of the SOVs by ECO and Offshore, for the following components:

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

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

Electric Plant

- i. Power System (main switchboard, distribution panels, VFDs, BTT motors, distribution transformers, generators, EGMS and PMS)
- j. Ship Service Switchboards
- k. Automatic Voltage Regulators, Enhanced Generator Monitoring System, High Resistance Ground, Exhaust Vibration Mounts & Other Electrical accessories
- l. Generator VFD Converters

Outfitting and Furnishings

- m. Walk to Work and Boarding Gangways and associated accessories
- n. Helideck, Foam Skid, & accessories
- o. Modular Heads
- p. Joiner Bulkheads and Doors
- q. Marine Furniture
- r. Meta Ceiling Panels
- s. Pilothouse and Portlight Windows
- t. 6-Person Rescue Boat
- u. Hose Couplings and Tank Fittings

v. Heated Straight Line Wipers w/ Wash Nozzles

None of the foreign components are a major part of the hulls or superstructures of the Vessels. Even if these foreign components are included in the construction of the SOVs, the Coast Guard can still document the SOVs as U.S.-built with coastwise endorsements.