

Diablo Canyon Power Plant Land Conservation and Economic Development Plan

Prepared pursuant to Senate Bill 846 (Dodd, Chapter 239, 2022)

May 2023



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EXECUTIVE SUMMARY

This report to the Legislature regarding land conservation and economic development on the lands surrounding the Diablo Canyon Nuclear Power Plant is submitted to satisfy a requirement of Senate Bill (SB) 846 (Dodd, Chapter 239, 2022). SB 846 requires the California Natural Resources Agency (CNRA), in consultation with the Labor and Workforce Development Agency (LWDA) and the Governor's Office of Business and Economic Development (GO-Biz), to submit a Land Conservation and Economic Development Plan "that supports environmental enhancements and access of Diablo Canyon powerplant lands and local economic development in a manner that is consistent with existing decommissioning efforts" to the Joint Legislative Budget Committee and the chairs of the relevant policy committees of the Legislature.

This report was developed by the CNRA, in consultation with LWDA, GO-Biz, California Coastal Commission, California State Lands Commission, the State Water Resources Control Board, and the California Public Utilities Commission. During the development of this report, these agencies visited these lands, met with interested stakeholders in surrounding communities, and held a public input listening session in the region. Public and stakeholder comments provided to the agencies throughout these meetings and forums are greatly appreciated and informed the development of this report. This report is intended to inform future use of the Diablo Canyon lands.

INTRODUCTION

The Diablo Canyon Power Plant (DCPP) is a 2,240 megawatt nuclear power plant located in San Luis Obispo County that supplies about 17 percent of California's zero-carbon electricity and 9 percent of total electricity. It consists of two reactor units that have been operating since 1985 (Unit 1) and 1986 (Unit 2). The DCPP is currently licensed by the United States Nuclear Regulatory Commission (NRC) to operate until November 2, 2024, for Unit 1 and August 26, 2025, for Unit 2. Pacific Gas and Electric Company (PG&E), an investor-owned utility, owns and operates the DCPP.

In 2016, PG&E announced a joint proposal with labor and environmental groups to increase investment in energy efficiency, renewables, and storage, and close the DCPP at the expiration of its NRC operating licenses in 2024 and 2025. In January 2018, the California Public Utilities Commission (CPUC) approved PG&E's application to close the DCPP and In February 2018, PG&E withdrew its application to the NRC for a licensing extension.

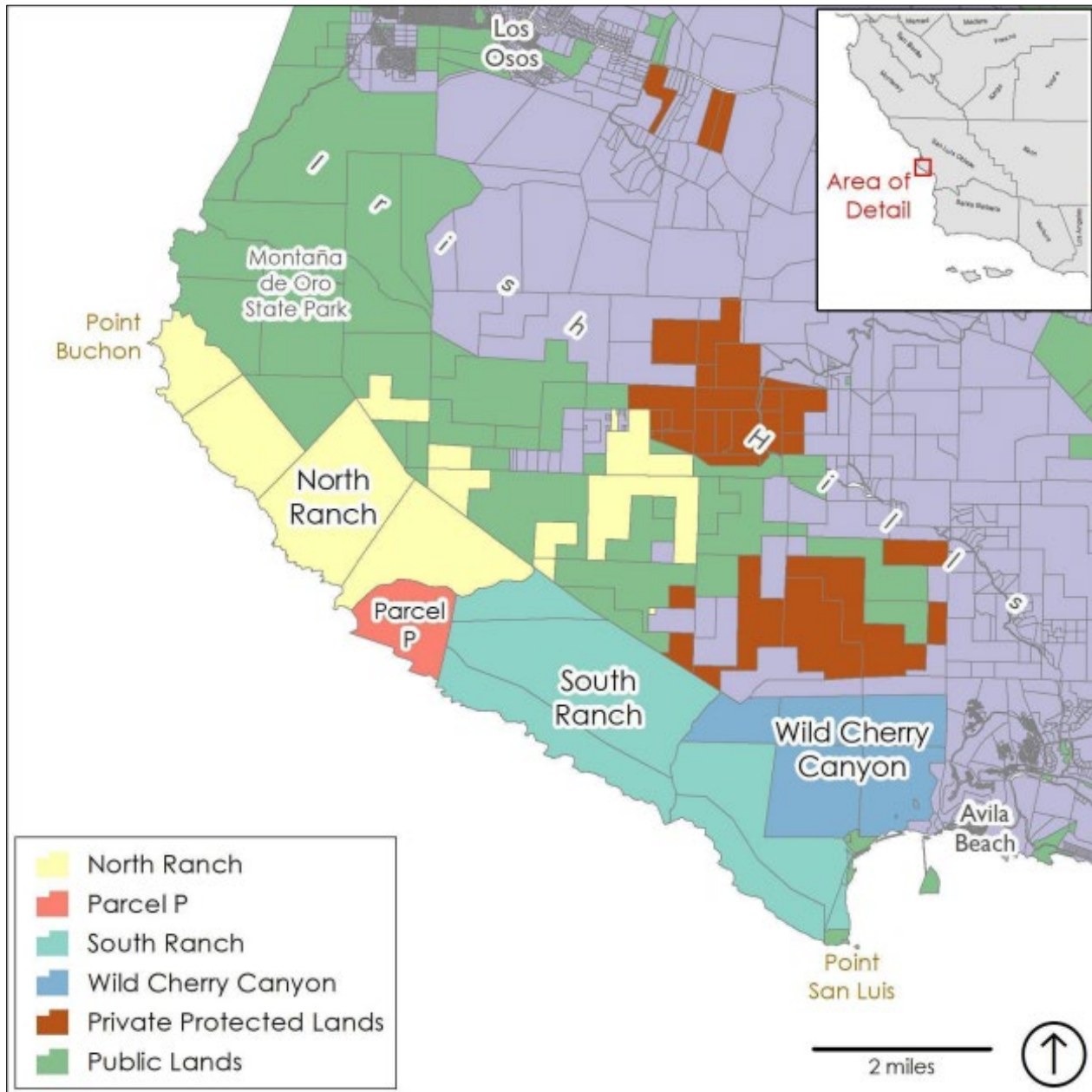
Senate Bill 846

In 2022, Senate Bill (SB) 846 (Dodd, Chapter 239, 2022) was enacted. Section 13 (a) and (b) of SB 846 requires the California Natural Resources Agency (CNRA) to develop a Land Conservation and Economic Development Plan (Plan) *"in consultation with Labor and Workforce Development Agency and the Governor's Office of Business and Economic Development, that supports environmental enhancements and access of Diablo Canyon powerplant lands and local economic development in a manner that is consistent with existing decommissioning efforts, including, but not limited to, Section 712.7 of the Public Utilities Code."* The Plan must be submitted *"to the Joint Legislative Budget Committee and the chairs of the relevant policy committees of the Legislature."*

Diablo Canyon Lands

The land surrounding DCPP (Diablo Canyon Lands) consists of approximately 12,000 acres, located along 14 miles of coastline between Avila Beach and Montaña De Oro State Park. As shown in Figures 1 and 2, the Diablo Canyon Lands are made up of multiple parcels with different owners and levels of public access.

Figure 1: Parcel Overview



Source: Partnership Proposal for SB 846 Land Conservation and Economic Development; [SB 846 Proposal Feb-8-23.docx \(reachcentralcoast.org\)](#)

Figure 2: Diablo Canyon Land Ownership



Source: PG&E

Parcel P

Parcel P is an almost 600 acre site on which the DCPD and its ancillary facilities are located. The site is owned by Eureka Energy, a subsidiary of PG&E.

Onshore

Certain shoreline areas of Parcel P adjacent to the breakwaters, dock and DCPD intake are within California State Lands Commission (CSLC) ownership and jurisdiction even though they are on “dry land” and appear to be landward of the current MHTL (mean high tide line). The CSLC holds title to this land under a legal settlement known as a Boundary Line Agreement (BLA 113). The CSLC will therefore be a very active partner in planning for this portion of Parcel P, as well as reuse of the intake cove area, and a CSLC lease(s) will likely be required for facilities and uses in these areas.

Offshore

The CSLC has leasing authority over certain DCPD facilities within and adjacent to Parcel P, located on the State's filled and water-covered sovereign tide and submerged lands (Public Trust lands). The facilities under lease include the cooling water discharge channel, water intake structure, breakwaters, and other structures associated with the DCPD.

North Ranch

North Ranch is on ~4,600 acres owned by PG&E. It is bordered by the Montaña de Oro State Park to its Northeast and Parcel P and South Ranch to the South. Current uses of North Ranch are grazing and managed public access via the coastal Point Buchon Trail. The grazing is allowed via a grazing license with a local rancher. PG&E maintains the Point Buchon Trail, accessed through Montaña de Oro State Park. Trail access is limited to a maximum of 275 hikers per day, 5 days a week.

South Ranch

South Ranch is on ~5,000 acres owned by Eureka Energy, a subsidiary of PG&E, and leased to PG&E. It is bordered by Parcel P and North Ranch to its Northwest and Wild Cherry Canyon to the East.

Managed public access is allowed via the Pecho Coast Trail. The trail is only open on certain days and all hikes are guided by a docent. As a condition for PG&E to obtain a Coastal Development Permit to replace its steam generator, at Point San Luis, 1,200 acres of South Ranch are deed restricted, preventing future development.

Wild Cherry Canyon

Wild Cherry Canyon is on ~2,400 acres owned by Eureka Energy. It is located between Avila Beach and Port San Luis with South Ranch to the West and the Irish Hills to the North and West.

The HomeFed Corporation, a real estate development company, has held a lease on Wild Cherry Canyon since 1968. Eureka Energy is challenging the duration of that lease and a tentative ruling by the San Luis Obispo County Superior Court is expected by July 2023.

State Agency Roles

California Natural Resources Agency (CNRA)

The CNRA's mission is "to restore, protect and manage the state's natural, historical and cultural resources for current and future generations using creative approaches and solutions based on science, collaboration, and respect for all the communities and interests involved." The CNRA oversees and supports more than 26 distinct departments, conservancies, and commissions, many of which have a role in the potential operations extension of DCP.

SB 846 requires the CNRA to develop a Plan in consultation with the Labor and Workforce Development Agency (LWDA) and the Governor's Office of Business and Economic Development (GO-Biz).

California Coastal Commission (CCC)

The CCC plans and regulates the use of land and water in the coastal zone pursuant to the Coastal Act of 1976.

Federal Consistency Review

To continue operating the DCP beyond the date of its existing licenses, PG&E must obtain license extensions from the NRC. Under the federal Coastal Zone Management Act (CZMA), the CCC must review the extension of power plant operations for consistency with California's Coastal Management Program (CCMP) coastal resource protection policies. The CCMP primarily contains the Chapter 3 policies of the State of California's Coastal Act. Applicable Coastal Act policies could include, for example, those addressing marine resources, cultural resources, visual impacts, geologic hazards, and public coastal access.

Because the NRC's licensing action is subject to the CZMA, PG&E must submit to the CCC a "consistency certification" (with supporting environmental impact analyses and proposed mitigation measures) certifying that the extension of the power plant's operations will be carried out consistent with the CCMP's coastal resource protection policies. The CCC will then review PG&E's consistency certification and supporting documents and either concur with or object to PG&E's consistency certification. If the CCC objects to PG&E's consistency certification it must identify what measures PG&E could take to bring the project into conformity with the CCMP.

Coastal Development Permit

The proposed re-licensing of the DCP could also require a coastal development permit (CDP) from the County and/or the CCC if the extension of power plant operations includes activities within the coastal zone that qualify as "development" under the Coastal Act. The County has a CCC-certified local coastal program (LCP) and therefore has CDP permitting jurisdiction on the land side of the DCP site. A County approval or denial of a CDP application may be appealed to the CCC. The CCC also retains CDP permitting authority for any development proposed within State waters offshore of the DCP. Repairing or replacing offshore infrastructure (e.g., an outfall) necessary to operate the DCP beyond the current license periods, for

example, would require a CDP from the CCC. A new building onshore would require a CDP from the County. At this time, PG&E has stated that re-licensing will not require any onshore or offshore work for which a CDP would be required by the County or the CCC.

PG&E has, however, applied for new CDPs from the County and the CCC to eventually decommission the DCP.

California Public Utilities Commission (CPUC)

The CPUC regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies.

SB 846 requires, among other things, the CPUC to establish new retirement dates for the DCP's Units 1 and 2 by December 31, 2023. While the CPUC is directed to extend the DCP operations until October 31, 2029, for Unit 1 and October 31, 2030 for Unit 2, the CPUC may establish earlier retirement dates if any of the following conditions occur:

1. The loan provided to PG&E for the extension of the DCP (under Chapter 6.3 of Division 15 of the Pub. Res. Code) is terminated;
2. The NRC does not approve the license renewals for the DCP;
3. The CPUC determines that any costs associated with the conditions of NRC's license renewal, or any seismic safety or other safety upgrades recommended by the Diablo Canyon Independent Safety Committee (DCISC), are too high to justify; or
4. The CPUC determines that new renewable energy and zero-carbon resources already constructed and interconnected by December 31, 2023 are adequate substitutes for the DCP and meet the state's energy reliability needs.

The CPUC opened a rulemaking (R.23-01-007) in January 2023, to establish the new retirement dates for the DCP. If the DCP's extension is approved, SB 846 requires the CPUC to create an annual proceeding to recover from ratepayers reasonable costs and expenses necessary to operate the DCP until its closure.

CPUC approval is also required for the sale or other disposition of any IOU assets.¹ Under California Public Utilities Code Section 851, transfers of real property require the IOU to file a formal application with the CPUC. In certain situations, Section 851 transfers of real property may be approved by the expedited General Order 173 process in which the IOU may file an Advice Letter to receive CPUC approval. Those situations are:

1. California Environmental Quality Act review is not required; or the CPUC is acting as a Responsible Agency in reviewing an environmental document prepared by another public agency;
2. The value of the real property is under \$5 million; and
3. The Advice Letter filing is not subject to a valid protest. If a valid protest is filed, then the IOU must file an application seeking Section 851 approval.

¹ https://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=851&lawCode=PUC

In addition, CPUC Decision 20-05-053 directs that “[a]ny sale or encumbrance of assets of affiliates or subsidiaries over which PG&E or PG&E Corporation has control and that has a value over \$5 million” requires CPUC Commission approval.²

California State Lands Commission (CSLC)

The CSLC is responsible for managing the State's ungranted tide and submerged lands consistent with the Public Trust Doctrine and in the best interests of the State. On June 28, 2016, the CSLC authorized a lease to PG&E for existing facilities within the CSLC's leasing jurisdiction. In April 2020, the CSLC authorized a lease amendment to change the submittal date for a proposed plan for the restoration of the lease premises from August 26, 2020, to August 26, 2023. This lease expires on August 26, 2025.

An amendment to the PG&E existing lease will be required for the extension of the DCPD operations. The review process for PG&E's lease amendment application consists of application processing and negotiation of lease provisions, including, but not limited to, insurance, annual rent, and a surety bond to minimize the risk that the facilities could become a public liability. The CSLC will also conduct an analysis to determine whether the proposed 5-year lease extension is consistent with the common law Public Trust Doctrine and in the best interests of the State. SB 846 directs that the proposed operational extension is subject to the “existing facility” exemption from California Environmental Quality Act review.

On January 5, 2023, PG&E submitted an application to amend the existing lease to extend the lease term from August 26, 2025, to October 31, 2030. This period aligns with the dates of operation specified in SB 846. On February 2, 2023, the CSLC notified PG&E that its lease amendment application is complete. Pursuant to SB 846, the CSLC has 180 days to take final action on a complete application. PG&E's application to amend its existing lease to extend its term to October 31, 2030, will be considered at a CSLC properly noticed, public meeting in June 2023.

Future economic development by other parties on State-owned land within the CSLC's jurisdiction, whether for the reuse and repurposing of existing infrastructure, or new infrastructure, will likely require a lease with the CSLC.

Governor's Office of Business and Economic Development (GO-Biz)

GO-Biz is the state's leader for job growth, economic development and business assistance efforts. GO-Biz provides key technical assistance for community and economic development planning, working with regional partners to build equitable and sustainable economic futures for each region in California.

SB 846 requires the CNRA to develop a Plan in consultation with LWDA and GO-Biz.

² <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M338/K816/338816365.PDF>, Page 37.

Labor and Workforce Development Agency (LWDA)

LWDA's mission is "to ensure safe and fair workplaces, deliver critical worker benefits, and promote good jobs for all." LWDA oversees seven departments, boards, and panels that serve California employers and workers.

SB 846 requires the CNRA to develop a Plan in consultation with LWDA and GO-Biz.

State Water Resources Control Board (Water Board)

The Water Board preserves, enhances, and restores the quality of California's water resources and drinking water for the protection of the environment, public health, and all beneficial uses. The Water Board sets statewide water policy as well as supports the nine regional water quality control boards. The regional water quality control boards are responsible for implementing state water policy for their regions.

Regulatory actions for the DCPD that fall within the Water Board's jurisdiction will be implemented by the Central Coast Regional Water Quality Control Board (Central Coast Water Board). The Central Coast Water Board implements the federal Clean Water Act and the California Porter-Cologne Water Quality Act. The Central Coast Water Board has issued a federal National Pollutant Discharge Elimination System (NPDES) permit to PG&E for operation of Diablo Canyon Power Plant. The permit regulates PG&E's discharges of reactor cooling water, desalination brine, and domestic wastewater to ocean waters at Diablo Cove.

The Central Coast Water Board issued the NPDES permit for the DCPD in 1990, and the permit expired in 1995. The Central Coast Water Board was in the process of renewing the permit when PG&E decided not to renew their license with NRC. Since the DCPD was expected to shut down, the Central Coast Water Board did not go through the renewal process. While the NPDES permit for the DCPD is expired, the DCPD can continue operating under the expired permit until a new permit is issued. The Central Coast Water Board has administratively extended the permit on an annual basis, and it is in full force and effect.

PG&E is coordinating with the Central Coast Water Board to update the NPDES permit. The Central Coast Water Board anticipates needing additional data and information to complete the review process. Requests for more information and data are expected to be ongoing. The timing for adoption of an updated permit depends on the NRC's relicensing process. The Central Coast Water Board plans to reissue an updated NPDES permit following the NRC's relicensing action, which is anticipated to occur in late 2026.

In the permit development and adoption process, the Central Coast Water Board will evaluate all aspects of PG&E's compliance with the current permit and laws and regulations. The permit will be updated to include any new regulatory requirements for once-through cooling and desalination intakes and discharges, such as the possibility of

an increased interim mitigation fee as described in Section 25548, subdivision (e) of the Public Resources Code. Monitoring and reporting requirements will also be reviewed and updated. The permit process will include opportunities for PG&E, local, state and federal agencies (including the U.S. Environmental Protection Agency), and the public to review the draft permit. In addition, there will be a public hearing prior to adoption, further ensuring a transparent public process.

Existing Efforts Related to Land Conservation and Economic Development

Since the announcement in 2016 of the eventual decommissioning of DCP, the County and community have been actively engaged in discussions on the future of the Diablo Canyon Lands and continued economic development opportunities for the area post-DCP. Years of planning and community visioning work have taken place on these topics among a diverse group of stakeholders, including federal, state, and local elected officials, state and local agencies, California Native American tribes, academic institutions, environmental groups, and community members.

Below is a brief description of many of those planning, visioning, and public engagement efforts, listed in the chronological order in which they occurred.

*DREAM Initiative (Diablo Resources Advisory Measure or Measure A, 2000)*³

In 2000, San Luis Obispo County residents were asked to vote on an advisory ballot measure that called on county leaders to set aside the Diablo Canyon Lands for habitat preservation, agriculture, and public use upon closure of DCP. Almost 75% of county voters voted in support of the DREAM Initiative.

*Proposed Designation of Chumash Heritage National Marine Sanctuary (Nomination Submitted 2015)*⁴

In July 2015, the Northern Chumash Tribal Council submitted a sanctuary nomination for a 7,670 square-mile sanctuary, located along 156 miles of the Central Coast. The area is adjacent to San Luis Obispo and Santa Barbara counties and between the Monterey Bay and Channel Islands national marine sanctuaries

The National Oceanic and Atmospheric Administration's Office of National Marine Sanctuaries has initiated the [designation process](#) for the proposed Chumash Heritage National Marine Sanctuary to protect the region's important marine ecosystem, maritime heritage resources, and cultural values of Indigenous communities.

*A Strategic Vision (Published 2018, Updated 2022)*⁵

In 2018, the Diablo Canyon Decommissioning Engagement Panel⁶ published a document that provides information about the DCP decommissioning process and

³ <https://diablocanyonpanel.org/decom-topics/diablo-canyon-lands/>

⁴ <https://sanctuaries.noaa.gov/chumash-heritage/>

⁵ https://diablocanyonpanel.org/wp-content/uploads/2022/04/DCDEP-Vision-Document_rev-4-22_Final.pdf

⁶ The Diablo Canyon Decommissioning Engagement Panel is composed of representatives from the local community. It was created by PG&E in 2018 to foster open and frequent communication with the community on topics related to the DCP decommissioning.

recommendations from the Diablo Canyon Decommissioning Engagement Panel on will occur before, during and after decommissioning, including reuse of lands and conservation of undeveloped lands.

Memorandum of Understanding (MOU)⁷

In 2021, Congressman Salud Carbajal, California State Senator Laird, Assemblyman Cunningham, then-County Board Chair Lynn Compton, Cal Poly, Regional Economic Action Coalition (REACH), The Land Conservancy San Luis Obispo, Tri-Counties Building and Construction Trades Council, and ytt Northern Chumash Nonprofit signed a MOU around a shared vision for the decommissioning of DCPD and future use of Parcel P.

A Conservation Framework for the Diablo Canyon Lands (Published 2021)⁸

In 2021, the Friends of the Diablo Canyon Lands, published a framework for conserving the ecological, scenic, and cultural resources of the Diablo Canyon Lands while providing for managed public access.

Cal Poly Should Lead Diablo Canyon's Next Chapter⁹

In an open letter, federal, state, and local electeds, other community leaders, and stakeholders outlined their vision for the future reuse of the DCPD lead by Cal Poly: a research and development campus, a harbor for blue economy activity, and community center for Chumash heritage.

Partnership Proposal for SB 846 Land Conservation and Economic Development (Published 2022, Updated 2023)¹⁰

In 2022, yak tityu tityu yak tithini Northern Chumash Tribe of San Luis Obispo County and Region, The Land Conservancy San Luis Obispo, Cal Poly, and REACH, published a proposal for a land conservation and economic development plan intended to permanently protect much of the Diablo Canyon Lands under tribal and public ownership, with stewardship, management and public access facilitated in partnership with The Land Conservancy San Luis Obispo and Cal Poly.

San Luis Obispo County's Diablo Canyon Power Plant Decommissioning Environmental Impact Report¹¹

In March 2021, PG&E submitted a land use application to San Luis Obispo County (County) for the decommissioning of the DCPD. Work on the Project Environmental Impact Report (EIR) commenced in October 2021 once the EIR consultant, Aspen Environmental Group, was under contract and the application was deemed complete. Although PG&E is pursuing extending the operation of the DCPD pursuant to SB 846, it has also requested that the County continue preparing the EIR, since the path to

⁷ [Diablo MOU-signed \(reachcentralcoast.org\)](https://reachcentralcoast.org)

⁸ <https://img1.wsimg.com/blobby/go/2a83e83b-bd5c-4897-acf6-7d064cdc3121/FODCL%20Final%20Conservation%20Framework%20May%2014%202021.pdf>

⁹ <https://reachcentralcoast.org/diablo-vision/>

¹⁰ <https://reachcentralcoast.org/wp-content/uploads/SB-846-Proposal-Feb-8-23.pdf>

¹¹ [Diablo Canyon Power Plant Decommissioning - County of San Luis Obispo](https://reachcentralcoast.org/wp-content/uploads/SB-846-Proposal-Feb-8-23.pdf)

extended operations is not guaranteed. The Draft EIR is anticipated to be issued by the third quarter of 2023 for a 60-day public review.

Tribal Consultation, Outreach and Engagement

Agencies solicited input from a variety of interested stakeholders, including federal, state and local electeds, California Native American tribes, and environmental groups, to help inform the development of this report to the Legislature.

In February 2023, CNRA Secretary Crowfoot brought a delegation of state representatives to visit San Luis Obispo County. At various points in the visit, he was joined by Lieutenant Governor Eleni Kounalakis and staff, GO-Biz Director Dee Dee Myers, and Water Board Chair Joaquin Esquivel, as well as additional representatives from CNRA, CSLC, CCC, GO-Biz, Water Board, and the Department of Water Resources. During their visit, the state group toured the DCPD and surrounding lands, met with staff for federal and state electeds, local electeds, California Native American tribes, County staff, and environmental groups.

On the last day of the visit, the agencies and the CPUC convened a public input listening session to provide the public with the opportunity to provide comment on their interests and concerns related to future use of the Diablo Canyon Lands and state regulatory actions needed to extend the operations of the DCPD. Over 160 attendees joined this convening, either in person or virtually. Members of the public were also able to email additional comments to CNRA, in addition or as an alternative to providing comments during the listening session. Over 700 written comments were received, the majority of which were a form letter supporting Diablo Canyon Lands going to the yak tityu tityu yak tithini Northern Chumash Tribe of San Luis Obispo County. Other input from this public comment included calling for:

- Durable environmental conservation of Diablo Canyon Lands.
- Stewardship of the Diablo Canyon Lands by a public entity.
- Continued managed public access.
- Expansion of the California Coastal Trail via a carefully placed extension.
- Reuse of Parcel P for clean energy innovation to support economic development.
- Avoiding the costs of implementing a Plan from being borne by the County.
- Continued engagement with the County and community.

VALUES

Due to its proximity to a nuclear power plant and PG&E's management practices and land stewardship program, the approximately 12,000 acres comprising the Diablo Canyon Lands have remained relatively undisturbed over several decades. The area contains a pristine ecosystem, including coastal terrace, relatively undisturbed grasslands, coastal sage, oak woodlands, bishop pine forests, intact tide pools and coastal habitats. These lands also contain numerous and important cultural resources.

At the same time, the DCPD has been a major economic driver in the area. It is the second largest employer in San Luis Obispo County, employing almost 1,500 workers at an average annual salary of \$150,000.¹² It is important to a range of stakeholders that at least some portion of the DCPD facility continue to support economic activity, which in turn supports livelihoods and local communities.

Land conservation and economic development on the Diablo Canyon Lands, if planned effectively, are not mutually exclusive and can occur in parallel. PG&E has expressed its interest in participating in a conservation sale of these properties. Such a sale is subject to CPUC review and approval, which must find that a property sale is to the benefit of ratepayers. The State has a unique opportunity to continue to preserve a pristine environment, conserve important cultural resources, and allow beneficial recreation, access, and reuse on some lands.

Significant alignment on the guiding values for future use of the Diablo Canyon Lands is apparent through extensive stakeholder and public feedback. These guiding values listed below, which are presented not in a ranked order but rather as equally important priorities, reflect a broad sentiment across stakeholders and public input, not necessarily the Administration. These guiding values should be considered in any decision-making process used to determine the future use of the Diablo Canyon Lands.

It will require time, effort, and funding to carry out any action that supports land conservation and economic development activities in the region. The pace of implementation will depend upon the feasibility and availability of resources and competing priorities.

Value #1: Foster the robust conservation of environmental and cultural resources while enabling appropriate public access.

¹² *Prospective Closure of the Diablo Canyon Power Plant: Economic Impact Assessment* (Roland-Holst et al., 2019); https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/electric-costs/decommissioning/final_cpuc-ucb_dcpp_eia_v2.pdf

Input from local groups, leaders, and residents consistently raised the importance of conserving environmental and cultural resources on the Diablo Canyon Lands while protecting existing public access to these lands. Many also discussed a strong desire to expand public access and enable sustainable economic use in ways that avoid or minimize impacts to significant environmental and cultural resources. To achieve these objectives, any future land-use decisions should consider a durable conservation easement or another appropriate legal instrument to conserve and protect these resources and values in perpetuity. This easement or similar mechanism should also enshrine appropriate public access that is provided in a way that doesn't harm these resources. More discussion of public access to the Diablo Canyon Lands is provided below.

An important principle for development of a conservation easement (or other legal instrument that would provide at least the same level of irrevocable and permanent resource protection) is that it be developed in partnership with various interests, including state agencies, California Native American tribes, the ultimate property owners and managers of Diablo Canyon Lands, and key non-governmental partners, such as land trusts and non-governmental organizations with experience managing lands in the region.

The conservation easement could specify the resources and values to be protected, identify allowable uses and activities, and set out provisions for resource stewardship. To implement resource stewardship policies, the easement could require the development of a management plan to prescribe actions that sustain cultural resources, ecosystems and habitats, and appropriate public access. The easement could describe the funding needed to maintain the easement and allowed activities and could identify methods by which that maintenance would be funded. Oversight of the easement, including reporting and auditing of its implementation, could take place by some combination of entities, which may include California Native American tribes, to ensure protections and other obligations under the easement.

Another important consideration on the future use of the Diablo Canyon Lands is the appropriate sequencing of multiple transfers of property interests in the parcels. For conservation and resource protections to be perpetual and binding, a conservation easement must be granted and recorded before any fee interest or other property interest in the parcels is transferred. While a vast area of the Diablo Canyon Lands can be managed through a conservation easement, certain areas that are owned and managed by the State under the Public Trust Doctrine cannot be included. Specifically, the shoreline, tidelands, and submerged area seaward of the mean high tide line are state-owned public land managed by the CSLC. Under the Public Trust Doctrine, the CSLC manages and protects these lands as a trustee for the benefit of the public. Although permanent easements are not allowed within State lands subject to the Public Trust Doctrine, the CSLC may authorize leases and co-management agreements, and it is committed to working in strategic coordination with tribal partners and other

entities to safeguard Public Trust resources and values. The Legislature may also transfer jurisdiction of the CSLC property to another governmental entity.

Value #2: Support-transfer of ownership of North Ranch and South Ranch to California Native American tribal ownership.

Transfer of North Ranch and South Ranch to California Native American tribal ownership and stewardship was identified as a critical component of future land use, both by tribal leaders and a broad set of local non-tribal leaders and groups. This transfer of ownership can help to ensure the protection of precious cultural resources in the area.

California policy, including Governor Gavin Newsom's Statement of Administrative Policy on Native American Ancestral Lands, the California Public Utilities Commission Tribal Land Transfer Policy, and the Pathways to 30x30 Strategy, direct and/or recommend return of ancestral lands to tribal stewardship when possible to redress historical wrongs committed against tribes, strengthen protection of cultural resources, and restore healthy conditions to our environment. Tribal stewardship of these lands to ensure tribal members have access to and management of the important cultural and natural cultural resources in the area is an important endeavor, and the return of North Ranch and South Ranch would be a major step forward toward return of ancestral lands to tribal stewardship where possible and to strengthen partnerships between state government and California Native American tribes.

Value #3: Explore expanding existing managed public access of Diablo Canyon Lands.

Opportunities for outdoor recreation are cherished along the Central Coast, and many groups and leaders emphasized the importance of maintaining and hopefully expanding recreational access to the Diablo Canyon Lands. This priority for improved recreation opportunities on these lands aligns with the state's long standing goal to enhance access to the California coast for all Californians.

The Diablo Canyon Lands offer promising opportunities for enhanced recreation that would be provided in ways that protect cultural and environmental resources. Because the Diablo Canyon Lands have many special qualities and sensitive resources, coastal access must be thoughtfully developed and managed in a manner that avoids adverse impacts to significant resources, including environmental and cultural resources. Thoughtful planning for managed access can enhance recreation and conserve critical cultural and environmental resources. This planning should identify enhanced infrastructure that would be needed to provide for managed access and

orient access to enhance sustainable outdoor recreation, tourism development, and economic growth.

Part of California's long-held vision for public access along our coast is to complete the California Coastal Trail. The Diablo Canyon Lands have long been viewed as a location for part of the California Coastal Trail, with some trail sections already developed and enjoyed by the public. The existing two main trail systems on Diablo Canyon Lands – the Pecho Coast Trail on the south end and the Point Buchon Trail on the north end – along with a vehicle easement along the Point San Luis Lighthouse Road, were developed by PG&E through requirements of coastal development permits approved by the CCC for several large-scale projects at the DCP. However, the trails do not currently extend along the entirety of the Diablo Canyon Lands.

These trail alignments and their management provisions were developed by several stakeholders in partnership with PG&E through studies that addressed multiple considerations. The trails were specifically routed and designed to avoid the most sensitive cultural and environmental resource areas and are managed to ensure ongoing protection of these resources. For example, the trails were located at a distance from known cultural resource sites, and all hikes along the Pecho Coast Trail are led by trained docents while access to the Point Buchon trails is allowed via sign-up through a staffed entry gate at PG&E's northern boundary with Montaña de Oro State Park. Trail management also includes limits on the number of people allowed along the trails to allow for better resource protection. Additionally, long-term management measures are prescribed through deed restrictions that establish access in perpetuity and that limit development in areas within or near the trail corridors.

Stakeholders identified that any future decision-making processes should consider expanding existing managed public access of Diablo Canyon Lands through more expansive recreation at Wild Cherry Canyon, an interior trail connecting Wild Cherry Canyon and Montaña de Oro State Park through the Irish Hills, and a carefully placed extension of the California Coastal Trail connecting the Point Buchon Trail to the Pecho Coast Trail. Implementation of this value likely requires a potentially significant level of resources and implementation will depend upon the feasibility and availability of resources and competing priorities.

Value #4: Enable reuse of Parcel P for research and economic activity, including a clean tech incubator, while protecting cultural, environmental, and marine resources on the site.

The already industrialized portion of the Diablo Canyon Lands represents an opportunity to replace jobs that will be lost after the DCP is decommissioned with new jobs, including those in emerging clean energy technologies. A broad range of regional groups and leaders have emphasized the importance of reusing Parcel P in a manner that can establish the Central Coast as a key region for renewable energy and clean

technology development. With its existing facilities and infrastructure, including several buildings, a breakwater and high-voltage transmission system (500kV and 230kV), all in close proximity to the ocean, Parcel P could serve as a hub to support clean technology research and innovation. Development of this economic activity would likely greatly benefit from partnership with regional academic institutions and other partners. All agree that this reuse of Parcel P should take place in a manner that protects environmental and cultural resources.

The proposed extension of the operations of the DCPD has changed the timing for decommissioning of the existing facility, and more work is needed to determine how and when Parcel P can be reused. Depending on the scope of the future use of Parcel P, some reuse may be able to occur while DCPD is still operating and through the decommissioning process. For example, some of the existing buildings and the breakwater could be transferred to a new owner while DCPD is still operating. Parcel P is primarily accessible from a main access road, and while PG&E would maintain control over that access road through decommissioning, use of that road would be provided as part of reuse of the other portions of Parcel P and subject to a security program run by PG&E as part of its NRC regulatory commitments.

Value #5: Explore transfer of ownership of Wild Cherry Canyon to State Parks.¹³

The Diablo Canyon Lands sit between two existing California Department of Parks and Recreation (State Parks) properties: Montaña de Oro State Park and Avila State Beach. State Parks is the only public land manager in the vicinity of the Diablo Canyon area. Regional stakeholders expressed interest in transferring ownership of the Wild Cherry Canyon parcels to State Parks to be managed as an extension of Montaña de Oro. A tribal conservation and access easement on the Wild Cherry Canyon parcels would support the protection of and access to important cultural resources in perpetuity. A memorandum of understanding between State Parks and California Native American tribes, based on precedential agreements established by the State Parks under the Newsom administration, would further strengthen the partnership between tribes and State Parks for the management of the Wild Cherry Canyon area. Implementation of this value likely requires a potentially significant level of resources and implementation will depend upon the feasibility and availability of resources and competing priorities.

It is important to note that litigation is pending regarding Wild Cherry Canyon that will impact its future use. Any exploration of ownership transfer of Wild Cherry Canyon must take this litigation into account.

¹³ Please see description of pending litigation in the description of Wild Cherry Canyon.