

COASTAL CONSERVANCY

Staff Recommendation
February 15, 2024

DIABLO CANYON LAND CONSERVATION PLANNING

Project No. 23-085-01
Project Manager: Timothy Duff

RECOMMENDED ACTION: Authorization to disburse up to \$5,000,000 for consultant services including resource assessments, planning, public outreach, and other services as may be required related to planning for the conservation of the 12,000-acre Diablo Canyon Lands in San Luis Obispo County.

LOCATION: Diablo Canyon, coastal San Luis Obispo County between Avila Beach and Los Osos.

EXHIBITS

- Exhibit 1: [Project Maps](#)
Exhibit 2: [Project Photos](#)
Exhibit 3: [Project Letters](#)
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RESOLUTION AND FINDINGS

Staff recommends that the State Coastal Conservancy adopt the following resolution and findings.

Resolution:

The State Coastal Conservancy hereby authorizes the disbursement of up to five million dollars (\$5,000,000) for consultant services including resource assessments, planning, public outreach, and other services as may be required related to planning for the conservation of the 12,000-acre Diablo Canyon Lands in San Luis Obispo County.

Findings:

Based on the accompanying staff recommendation and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Chapter 5.5 of Division 21 of the Public Resources Code, regarding integrated coastal and marine resource protection.
 2. The proposed project is consistent with the current Conservancy Project Selection Criteria.
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STAFF RECOMMENDATION

PROJECT SUMMARY:

Staff recommends the Conservancy disburse up to \$5,000,000 for consultant services including resource assessments, planning, public outreach, and other services as may be required related to planning for the conservation of the 12,000-acre Diablo Canyon Lands (DCL) located along 14 miles of coastline in San Luis Obispo County between Avila Beach to the south and Los Osos to the north (the “project”). See Exhibit 1 to view the location of the project. Conservancy funding for this project is a General Fund appropriation specifically identified for land conservation planning at DCL.

The Diablo Canyon Power Plant (DCPP) is located in an isolated portion of the San Luis Obispo County coastline between Los Osos and Avila Beach (Exhibit 2). DCPP and 12,000 acres of surrounding open space are owned by Pacific Gas and Electric (PG&E) and its subsidiaries. Originally targeted for closure in 2025, in 2022 the Governor approved Senate Bill 846 extending DCPP operations to 2030 to help meet the State’s clean energy goals. DCPP provides up to 9% of the State’s electricity and 17% of its carbon-free electricity. The legislation also calls for future appropriation of \$160 million for land conservation and economic development and requires the California Natural Resources Agency (CNRA) to prepare a report to inform future uses of the DCL. CNRA published the “Diablo Canyon Land Conservation and Economic Development Plan” in 2023. In 2019 the California Public Utility Commission (CPUC) passed the Tribal Lands Transfer Policy setting forth its goals for investor-owned utilities to protect sacred places, ensure meaningful consideration of tribal interests, and return of lands within a tribe’s ancestral territory to the appropriate tribe(s). Consistent with this policy, it is expected that the portion of the DCL owned by PG&E (North Ranch) will be transferred to the tribe(s) whose ancestral territory includes the DCL. South Ranch may also be transferred to a tribe(s).

There is a high level of community interest in what the eventual outcome will be for future use and ownership of both the power plant property and the surrounding lands. In 2000, over 75 percent of voters in San Luis Obispo County approved an advisory ballot measure calling for the protection of the DCL and public access to the land upon the plant’s closure, and in 2021 a coalition of community groups and local agencies prepared a framework for the conservation of, and public access to, the DCL.

The project consists of planning for future land conservation and public and tribal uses of the DCL in collaboration with tribes, states and local agencies, and community groups. The project includes the preparation of technical assessments of the property’s significant natural, biological, and cultural resources, topography, geology, hazards, and other relevant property attributes, and identification of potential trail routes based on these assessments. The project also includes conducting extensive tribal consultation and a robust community engagement program and developing plans for the long-term ownership and management of, and public access to, the DCL. The information gathered through the technical studies, tribal consultation, and community engagement will inform the subsequent preparation of one or more draft conservation, cultural resource protection, and public access easements by the selected

consultant in close consultation with the Conservancy, and potential future landowners and easement holders. The easements will cover the potential trail routes. It is expected the project will take three to five years to complete given the scope of work and the need to provide the community and tribes with adequate time to fully participate in the planning process.

For the past six months Conservancy staff has been coordinating with its state and local agency partners on developing the project. San Luis Obispo County staff is currently in the process of preparing an Environmental Impact Report (EIR) for the planned decommissioning of the DCP. The EIR and/or County permits may require PG&E to complete tasks related to planning for the conservation of the DCL as part of the decommissioning. In addition, Coastal Commission staff is drafting potential permit conditions associated with both the decommissioning and PG&E's Nuclear Regulatory Commission (NRC) license renewal application for extended operations of the plant. Any such conditions may require PG&E to take actions related to DCL land conservation planning. Based on the outcome of these regulatory processes, the Conservancy may modify the this project to avoid duplicating or subsidizing PG&E regulatory requirements.

In March 2021, after several years of preparatory work PG&E filed its application with San Luis Obispo County for the decommissioning of the DCP. Today, PG&E continues to plan for the eventual plant closure in coordination with San Luis Obispo County, the CPUC, Coastal Commission, State Lands Commission, and the federal NRC.

Site Description: Located between Avila Beach and Montaña De Oro State Park, the approximate 12,000-acre DCL have for the past four decades served as a buffer to the DCP operations (Exhibits 1 and 2). The largely undeveloped coastal lands feature 14 miles of shoreline featuring an exceptionally rich marine environment with unusually biodiverse and intact tide pools. The area is characterized by an expansive coastal plain that sweeps back from the ocean and curves up precipitous terrain to peaks above 1,500 feet. Lower elevations feature some of the finest undisturbed native coastal prairie grasslands with purple needle grass and fescue found anywhere on the California coast. Expanses of oak woodlands, pine forests, and riparian corridors provide a variety of diverse wildlife habitats. In addition to the federally-listed South-Central California coast steelhead and California red-legged frog found along Coon Creek, several species of special concern are known to occur on the DCL including the western burrowing owl, San Diego desert woodrat, and American badger. The area also contains significant cultural resources including historic Native American village sites, cultural landscapes, cultural material, cemeteries, and artifacts. The DCL area has been documented as part of the ancestral homelands of the Northern Chumash for over 10,000 years.

The DCL is made up of multiple parcels with different owners and levels of public access (Exhibit 1, page 2). North Ranch is on roughly 4,600 acres owned by PG&E. PG&E manages public access at the Point Buchon Trail that is accessed through Montaña de Oro State Park. South Ranch is on roughly 5,000 acres owned by Eureka Energy, a subsidiary of PG&E, and leased to PG&E. Docent-led public access is available on the South Ranch via the Pecho Coast Trail that starts at the Point San Luis Lighthouse. Located between Avila Beach and Port San Luis with South Ranch to the West and the Irish Hills to the North, Wild Cherry Canyon extends over roughly 2,400 acres owned by Eureka Energy. Parcel P is a 600-acre site owned by Eureka Energy where the

power plant and its ancillary facilities are located. Planning for the future use and development of Parcel P will be led by the Governor's Office of Business and Economic Development ("GO-Biz"), and is not included in this project.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA:

The proposed project is consistent with the Conservancy's Project Selection Criteria, last updated on September 23, 2021, in the following respects:

Selection Criteria

1. Extent to which the project helps the Conservancy accomplish the objectives in the Strategic Plan.

See the "Consistency with Conservancy's Strategic Plan" section below.

2. Project is a good investment of state resources.

The proposed project is a good investment of state resources because it will facilitate the protection of up to 12,000 acres of largely undeveloped coastal land and contribute to meeting the state's biodiversity and equitable outdoor access goals as outlined in the Strategic Land Acquisition section of the Governor's 30x30 Executive Order. The opportunity to return back to tribes the ownership and access to thousands of acres of coastal lands presents a model for future tribal "land back" efforts.

3. Project includes a serious effort to engage tribes. Examples of tribal engagement include good faith, documented efforts to work with tribes traditionally and culturally affiliated to the project area.

The project will include a robust tribal engagement program that will facilitate collaboration with tribes seeking to regain ownership and access to their ancestral lands on this portion of the California coast. Indigenous leadership and perspectives, including traditional ecological knowledge and stewardship, will be factored into land conservation planning, including the protection of significant archaeological and cultural resources known to be present on the DCL. The Conservancy will hire consultants with experience working with tribes to facilitate efforts to build mutual trust with tribes. The Conservancy will also provide stipends to support tribal participation in the planning effort.

4. Project benefits will be sustainable or resilient over the project lifespan.

The proposed project will facilitate the permanent protection of up to 12,000 acres of largely undeveloped coastal land and enhance regional climate resilience and adaptation by permanently protecting a key wildlife corridor between the San Luis Obispo Coast and nearby public and protected lands. The project will serve to provide long-term benefits including

carbon sequestration by preserving oak woodlands, pine forest, and avoiding greenhouse gas emissions by prohibiting future development.

5. Project delivers multiple benefits and significant positive impact.

The proposed project will facilitate the delivery of multiple benefits including permanently protecting 12,000 acres of largely undeveloped coastal land with significant natural habitat, open space, and cultural resources. Returning ownership and access to thousands of acres of their ancestral coastal lands to tribes will have a significant positive impact for the tribes. Planning for public access and recreation will facilitate opening suitable areas of the property and remove regional access barriers identified in the state’s 30x30 strategy. The project will also serve to facilitate improving climate resilience and adaptation by permanently protecting diverse, climate-resilient habitats while protecting existing sequestration on natural lands.

6. Project planned with meaningful community engagement and broad community support.

The project will include a robust community engagement program to ensure all interested community stakeholders, community-based organizations and tribes are meaningfully involved in planning for the permanent protection, long-term ownership, management and, where appropriate, public access to the DCL. The Conservancy will provide stipends to support community participation in meetings. The community engagement process will be diverse and inclusive of the community members and local community-based organizations, and will include both in-person and virtual meeting alternatives.

PROJECT FINANCING

Coastal Conservancy	<u>\$5,000,000</u>
Project Total	\$5,000,000

Conservancy funding for the project is anticipated to come from a Fiscal Year 2023-2024 appropriation from the General Fund for “support costs associated with the development of conservation easements on the lands surrounding the Diablo Canyon Power Plant, which would include conducting baseline studies of ecological and cultural resources, a public and tribal outreach process, mapping locations of potential coastal and interior public trails, and conducting other property and environmental assessment work for the Wild Cherry Canyon.” Budget Act of 2023, AB 102, Section 31.

CONSISTENCY WITH CONSERVANCY’S ENABLING LEGISLATION:

Conservancy participation in the proposed project is consistent with Chapter 5.5 (Section 31220) of the Conservancy's enabling legislation, Division 21 of the Public Resources Code, regarding Integrated Coastal and Marine Resources Protection. Section 31220(a) authorizes the Conservancy to undertake a project or award grants for coastal watershed projects that meet one or more criteria of Section 31220(b). Consistent with Section 31120(b), the proposed

project will plan future actions that will: (1) protect fish and wildlife habitat within coastal watersheds and coastal waters (Section 31120(b)(2)); (2) acquire coastal riparian areas, floodplains, and other sensitive watershed lands, including watershed lands draining to sensitive coastal or marine areas (Section 31120(b)(6)); and (3) provide public access compatible with resource protection objectives (Section 31220(b)(8)).

Consistent with Section 31220(a), staff has consulted with the State Water Resources Control Board in the development of the project to ensure consistency with Chapter 3 (commencing with Section 30915) of Division 20.4 of the Public Resources Code, regarding the clean beaches grant program.

Consistent with Section 31220(c), the project is consistent with local watershed management plans and water quality control plans adopted by the State Water Resources Control Board and Regional Water Quality Control Boards (see the “Consistency with Local Watershed Management Plan/State Water Quality Control Plan” section below), and there is a monitoring and evaluation component included in the project.

CONSISTENCY WITH CONSERVANCY’S [2023-2027 STRATEGIC PLAN](#):

Consistent with **Goal 1.1 Commit Funding to Benefit Systemically Excluded Communities and Goal 1.2 Return Power to Tribes**, the project will plan for returning control of ancestral lands to California Native American Tribes.

Consistent with **Goal 3.2 Restore or Enhance Habitats**, the proposed project will plan for the enhancement of coastal habitats.

CONSISTENCY WITH LOCAL WATERSHED MANAGEMENT PLAN/STATE WATER QUALITY CONTROL PLAN:

Projects undertaken pursuant to Chapter 5.5 of Public Resources Code Division 21 (Section 31220) must be consistent with local watershed management plans, if available, and with water quality control plans, adopted by the state and regional water boards. The proposed conservation of the DCL furthers the San Luis Obispo County Integrated Regional Water Management Plan, Ecosystem and Watershed Goal, Objective 2, to preserve, enhance, restore, and conserve riparian corridors and natural creek and river systems through wetland restoration, natural floodplains, riparian buffers, conservation easements, and other mechanisms. Planning for the future conservation of the DCL is consistent with this objective. The project is also consistent with the Water Quality Control Plan for the Central Coast Basin (2019), and specifically addresses the following beneficial use objectives: wildlife habitat, freshwater replenishment, ground water recharge, and rare, threatened, or endangered species.

CEQA COMPLIANCE:

The proposed project is statutorily exempt from review under the California

Environmental Quality Act pursuant to Title 14 California Code of Regulations (CCR), Sections 15262 and 15306 because it involves only feasibility and planning studies and basic data collection and resource evaluation activities for possible future actions that have not yet been approved or funded. The studies and data collection will not result in disturbance to the environment. Pursuant to Section 15262, Environmental factors will be considered in the studies undertaken pursuant to this authorization.

Upon approval of the project, Conservancy staff will file a Notice of Exemption.