

EXECUTIVE OFFICER'S REPORT

October 25, 2022



California State Lands Commission

Legislative and Budget Update

Every legislative session ends in a flurry of activity, with hundreds of bills acted on in the waning days of the legislative session. This year was no different. The 2022 California legislative session adjourned early in the morning on September 1 after several incredibly busy weeks. September 30 was the last day for the Governor to act on bills sent to his desk this year. Legislators sent the Governor 1,166 bills. The Governor signed 997 bills and vetoed 169 bills, a veto rate of 14.5 percent.

The Governor sent legislators a package of climate and energy proposals and 13 budget bills (one budget bill junior and 12 budget trailer bills) in mid-August. Also in August, the Governor sent legislators a proposal to extend the Diablo Canyon powerplant operations. The Governor signed all these bills into law. AB 179, the budget bill junior, appropriated \$1,247,000 to the Commission for technical assistance to support a study of ports and other waterfront facilities for offshore wind energy deployment pursuant to AB 525 (Chiu, 2021).

The five climate and energy proposals signed into law: (1) establish a goal to achieve carbon neutrality as soon as possible, but no later than 2045, and establish an 85 percent greenhouse gas emission reduction target as part of that goal (AB 1279, Muratsuchi); (2) require the State to develop an achievable carbon reduction target for natural and working lands (AB 1757, Cristina Garcia); (3) create clean energy targets of 90 percent by 2035 and 95 percent by 2040 to advance California's trajectory toward an existing 100 percent clean energy goal by 2045 (SB 1020, Laird); (4) establish a statewide carbon capture, utilization, and storage framework (SB 905, Caballero and SB 1314, Limón); and (5) establish a setback distance of 3,200 feet between new oil wells and homes, schools, parks or businesses and ensure pollution controls for existing wells within that footprint (SB 1137, Gonzalez).

Other significant climate and energy bills signed into law are AB 205, AB 209, and AB 211, all of which are budget trailer bills and have provisions relevant to the State Lands Commission. AB 205 changes several siting and permitting requirements to accelerate clean energy development. AB 205 also grants the California Energy Commission exclusive authority to permit eligible clean energy

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projects while expressly preserving the State Lands Commission's leasing authority. AB 209 establishes a voluntary offshore wind and coastal resources protection program to support State work that complements or furthers federal laws related to offshore wind energy development. AB 211 declares that the environmental review in the Final Programmatic Environmental Impact Report for the Hollister Ranch Coastal Access Program in Santa Barbara shall be conclusively presumed to satisfy the California Environmental Quality Act for any project an agency undertakes to create public access. AB 211 also gives \$64.5 million to the Ocean Protection Council to help coordinate and fund State efforts to prepare for sea level rise, among other things.

The Governor vetoed SB 1065 (Eggman), a bill that would have required the Commission to administer a newly created commercial abandoned vessel **removal program**. **The veto message stated**, "With our state facing lower-than-expected revenues over the first few months of this fiscal year, it is important to remain disciplined when it comes to spending, particularly spending that is ongoing. We must prioritize existing obligations and priorities, including education, health care, public safety and safety-net programs. The Legislature sent measures with potential costs of well over \$20 billion in one-time spending commitments and more than \$10 billion in ongoing commitments not accounted for in the state budget. Bills with significant fiscal impact, such as this measure, should be considered and accounted for as part of the annual **budget process**." SB 1065 was one of a host of bills that contained this language. Sacramento County, the bill sponsor, indicates that it is paying heed to that message but intends to re-pursue the legislation and funding in 2023.

The Legislature is now in recess. On December 5, the Legislature will reconvene for an organizational session, and then adjourn until January 5. During the interim, as this time is known in legislative parlance, Commission staff is focusing on developing a legislative agenda for next year, implementing legislation signed into law that affects the Commission, and analyzing how legislation signed into law this year will affect its work. Earlier this month, Governor Newsom said he would call a special session of the Legislature to consider a windfall profit tax on oil companies in response to the "outrageous and unconscionable" price of gas in California. The special session will likely begin on December 5 and run concurrently with the regular session.

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The legislative update on the agenda ([Item 59](#)) has additional information about legislation that the Commission adopted a support position on or that affect (or would have affected) the Commission. For context, the Commission supported four bills this year: AB 1832 (Rivas), AB 2109 (Bennett), AB 2257 (Boerner Horvath), and AB 353 (O'Donnell), all of which were signed into law.

Abandoned Vessel and Marine Debris Removal

Last year, the Commission authorized staff to take title to, remove, and dispose of two floating tugboats in Sacramento County ([Staff Report 31, October 21, 2021](#)). The first of these, the *Valliant*, was carried out in January as an emergency disposal when the vessel broke free and drifted into a navigation channel. Last month, the Commission and its contractor removed the second vessel, the *Standard No. 2*, from state waters. The Commission's contractor removed the *Standard No. 2* from a back reach of Sevenmile Slough, a Sacramento County inlet, where it had sat for more than a decade. Once at dock, certified specialists disposed of asbestos and oily water on the vessel. Then, with hazardous materials removed, the *Standard No. 2* was moved into dry dock cut into pieces with a plasma torch and delivered to a metal recycler. Commission staff worked with the US Coast Guard, US Army Corps of Engineers, California Department of Toxic Substances Control, California Department of Fish and Wildlife, and Sacramento County Sheriff's Office to remove the vessels.

Earlier this month, staff applied for \$14.875 million in federal grant funds through the [NOAA Marine Debris Removal Grant Program](#). Staff proposed a Sonoma-Marin Marine Debris Removal Program to clean up debris in economically, ecologically, and recreationally important coastal waters and bays in Sonoma and Marin counties. The Program would cover roughly 30 miles of shoreline and 25 square miles of the marine environment. It would involve removing 14 abandoned vessels, including the *American Challenger*—a fishing vessel stranded in sensitive intertidal habitat—two tire debris sites in Tomales Bay containing up to 1,000 tires near prime aquaculture grounds, a dilapidated former commercial pier in Bodega Bay, among other things. The Program would leverage substantial in-kind and financial contributions from partner agencies, such as the US EPA, CalRecycle, and Sonoma County Regional Parks. The grant is a nationwide, competitive opportunity. NOAA will award funds in late 2022 or early 2023.

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One final item to note is that on October 6, the San Francisco Bay Conservation and Development Commission issued a permit to the Commission to remove marine debris in the water and on the shoreline of the town of Crockett. Staff have been working for many years to clean up this area. The debris removal work is the final phase of the multi-year Crockett clean up. Work started last week and should be finished by the end of November. The work includes removal of remaining concrete foundation and pilings of the former Nantucket restaurant, a small crane, five sunken and beached barges and vessels, a derelict Army pier, remnant pilings and shoreline debris, and eelgrass surveys in the years to come.



Photo courtesy of Lind Marine, Inc.

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Photo courtesy of Lind Marine, Inc.



The American Challenger in August 2022; Photo Credit: NOAA

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Platform Holly and Piers 421 Decommissioning (South Ellwood) Project

Staff continues to maintain and monitor Platform Holly and the onshore facilities to ensure public health and safety. Staff, ExxonMobil, and their subcontractors continue to plug and abandon the 30 wells on Platform Holly. Five wells have had their surface plugs installed and are permanently sealed. Operations are proceeding on schedule with 23 of the remaining 25 wells having had the lower oil producing formations sealed off. Once the remaining two wells have the lower formations sealed, work will start to permanently seal all wells at the surface. Staff still estimates the remaining well abandonment work will be completed by the end of 2022 and continues to work closely with ExxonMobil and their subcontractors to ensure that the work is conducted safely and responsibly.

Staff and contractors are also developing plans to flush and inert the platform and the Ellwood Onshore Facility when the well abandonment work ends. This will enable us to put the platform and Ellwood Onshore Facility into a safe caretaker status mode while ExxonMobil performs a platform removal engineering study and the environmental impact review is completed.

The PRC 421 removal project, a project that started this past August, is going well. Staff and its contractors are on track to remove the two piers by January or February of 2023. We have removed the old, abandoned wellheads and are digging out the soil filling the internal space inside the caissons in preparation for demolishing and removing the external caisson walls. Staff and environmental contractors are monitoring the project.

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Rincon Decommissioning Project

Phase 1 work, consisting of abandoning the wells and oil facilities at the former state oil and gas leases at Rincon Point in Ventura, is complete. Rincon Island and the nearby onshore site were placed into caretaker status effective July 1, 2021. Caretaker status is when the well and well-related abandonments comply with regulatory requirements and the site requires limited surveillance to maintain safety, security, and stability.

In August, the Commission approved the final Feasibility Study and staff recommendations for the Rincon Phase 2 Decommissioning and alternatives to be analyzed in an Environmental Impact Report (EIR) under CEQA. Staff recommendations included: 1) elimination of the Complete Removal Alternative from further analysis and consideration as it was determined to be infeasible; 2) identification of the proposed Project (formerly referred to as the Reuse Alternative) which would include retention of Rincon Island and the causeway, decommissioning the onshore facility, removal of Rincon Island surface structures, removal of the Island's well bay concrete deck, removal of the Island's pavement and contaminated soil, backfill of the Island with clean soil, decommissioning of onshore pipeline connections, and improvement of the State Coastal Conservancy parcel, and 3) identification of alternatives to be analyzed in the EIR, which would be subject to change during the EIR scoping process. Public comment was also heard at the Commission meeting.

Staff is engaging in ongoing public outreach, particularly to Mussel Shoals residents. On October 4, the Commission released a Notice of Preparation for an EIR for Phase 2. The proposed project for the EIR will further analyze the Reuse Alternative from the final Feasibility Study in addition to several alternatives. On October 20, staff hosted two public scoping meetings in the City of Carpinteria—one in-person meeting and one hybrid meeting (in person and on Zoom). Staff has also begun informal consultation with other government agencies, including the California Coastal Commission, State Coastal Conservancy, California Department of Fish and Wildlife, National Marine Fisheries Service, and Ventura County. Consultation will continue throughout the CEQA process.

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SB 44 Legacy Well Remediation Program

SB 44 funding enables the Commission to survey and monitor oil seepage in state waters and on tidelands, and to request studies to determine oil seepage locations, rates, and environmental impacts, as well as partner with experts to facilitate innovative solutions. These studies are an essential part of the Commission's efforts to research hydrocarbon sources leaking into surrounding waters and onto the beach, and to pursue innovative solutions to address natural seeps. Staff is preparing a delegation of authority for the Executive Officer to issue a Request for Qualifications to retain a consultant to perform seep studies consistent with SB 44 and anticipates requesting this delegation of authority at the December 2022 Commission meeting. Staff and its contractor, Interact, are currently working to obtain permits to re-abandon Treadwell wells 1 and 5 at Summerland beach in the second half of 2023.

Tijuana River Pollution Crisis

On June 10, the US EPA released a draft Programmatic Environmental Impact Statement for the USMCA Mitigation of Contaminated Transboundary Flows Project. The Proposed Action evaluated in the draft environmental document is the issuance of U.S. appropriations (including but not limited to USMCA Implementation Act appropriations) to implement projects that address impacts from transboundary flows in the Tijuana River watershed and adjacent coastal areas. **Alternative 1 includes "core projects" that are sufficiently evolved to be ready for decision making and, after completing the NEPA process, would be considered analyzed in sufficient detail for immediate action. Alternative 2, "the comprehensive solution", includes the core projects identified in alternative 1 plus a larger range of projects known as supplemental projects, which require additional consideration in subsequent NEPA documents before a decision can be made.** The Commission, in a joint comment letter from state and local partners, expressed support for alternative 1 and emphasized the importance of pursuing alternative 2. On October 5, the US EPA held a public meeting to summarize comments received during the Draft Programmatic Environmental Impact Statement comment period and provide updates on near and long-term efforts to address transboundary pollution, including current construction to replace a deteriorated portion of the Oriente Collector. The Commission

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remains engaged with federal, state, and local partners to address the ongoing pollution crisis and will continue to monitor for updates as the Draft Programmatic Environmental Impact Statement is finalized and actions implemented.

Offshore Wind Energy

Offshore Renewable Energy Applications in the Pacific Ocean Near Vandenberg Space Force Base

Staff continues to process two applications for wind energy projects near Vandenberg Space Force Base, though the IDEOL application is paused at the **Applicant's request**. In September, staff released a Request for Qualifications for an environmental consultant to prepare the Environmental Impact Report (EIR) for the CADEMO project. Also in September, staff visited the Vandenberg Space Force Base and met with CADEMO and Vandenberg staff. The site visit included a presentation about energy requirements and future energy plans for the base, a tour of the proposed locations for project components, including the offshore cable landing site, electrical substations, and overhead power lines.

Coordinated Offshore Wind Energy Planning in Federal Waters

Staff continues to participate in offshore wind planning in federal waters as a member of the Bureau of Ocean Energy Management (BOEM) California Intergovernmental Task Force for offshore wind, and as a state agency named in AB 525 (Chiu, Chapter 231, Statutes of 2021), which requires the state to develop a strategic plan for offshore wind in federal waters off the coast of California. Several developments have occurred in recent months related to the federal lease sale status and task force, AB 525 implementation, and outreach, all of which are detailed below.

Earlier this month, BOEM released a Final Environmental Assessment for the Morro Bay Wind Energy Area and issued a finding of no significant impact. And last week, the US Department of the Interior announced that BOEM will hold a California lease sale for five lease areas on December 6. BOEM will offer three lease areas off central California (all within the Morro Bay Wind Energy Area) and two lease areas off northern California (all within the Humboldt Wind Energy Area) for commercial leasing for wind power on the Outer Continental Shelf in California. The California sale notice is the culmination of years of planning and

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engagement efforts that started in 2016 when the BOEM California Intergovernmental Renewable Energy Task Force was formed. The Commission has been part of the task force since its inception.

Staff is working with state agencies to identify key areas of interest to include in adaptive management plans. Specific interest areas for offshore wind impact management and monitoring will help provide a framework for a regional pacific coast collaborative. As a member of the core committee, the Commission along with other state agencies, will develop plans to address knowledge gaps, facilitate decision making, and support the sustainable deployment of offshore wind energy.

AB 525 Planning and Compliance

With respect to port infrastructure and capacity, staff presented the Alternative Port Locations study during a webinar the California Energy Commission hosted on October 4. Staff continues to work closely with the Energy Commission and BOEM to assess California seaport readiness and identify necessary physical investments to support offshore wind energy development. Staff and its contractor, Moffatt & Nichol, are conducting a high-level feasibility analysis of existing waterfront facilities to determine whether any can be redeveloped into a working port that could provide offshore wind unit integration and deployment as well as other non-offshore wind services that would benefit local communities. A final report with the results of this analysis is expected to be released in late 2022.

Outreach

Staff continuing stakeholder outreach to ensure meaningful and inclusive participation. On October 7, staff, together with the California Energy Commission, met with environmental non-governmental organizations to provide an update on the Alternative Port Locations study and answer questions. Staff intends to host another outreach session soon with fishermen, the shipping industry, developers, and tribes.

Offshore Wind Study Tour

I was fortunate enough to join some of our colleagues from the Lt. Governor's Office, Energy Commission, the Ocean Protection Council, Department of Fish and Wildlife, and the Coastal Commission on a state fact finding study tour of

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offshore wind installations in Scotland and Denmark September 18 – September 24. Also joining us were representatives from the Blue Lake Rancheria Tribe, the Northern Chumash Tribal Council, CAUSE, and Environment California. As California looks to develop offshore wind energy to meet our clean energy and climate goals, a group of state officials and stakeholders have been invited to tour offshore wind installations and related port infrastructure in Europe. We visited the world's largest floating offshore wind project off the coast of Aberdeen, as well as visited the Port of Esbjerg and the Siemes Gamesa wind facility in Denmark. This was an incredible opportunity to learn, and I was honored to represent the Commission on this trip.

Hollister Ranch Coastal Access Program

At its June 23 meeting, the Commission authorized staff to hire a consultant to prepare a Programmatic Environmental Impact Report and appraisals for the Hollister Ranch Coastal Access Program. The state agency team is coordinating to initiate the Programmatic Environmental Impact Report and appraisals to obtain the necessary property rights for public access and a cultural and tribal resource studies. The State Coastal Conservancy is funding this work. The Coastal Commission will be the CEQA lead agency and will contract with the Commission to develop the Programmatic Environmental Impact Report. The Commission will be the lead agency for the appraisals, and the State Coastal Conservancy will be the lead agency for the cultural and tribal resource study, working closely with local tribal members and representatives. The Commission will consider a Memorandum of Agreement between the state agency team to facilitate coordinated review and preparation of the environmental review documents at today's meeting ([Staff Report 62](#)).

While the state agency team has continued to meet with Hollister Ranch representatives over the last year, a voluntary public access program has not yet been identified. Stakeholders want to ensure that any interim/voluntary public access program does not affect existing tribal or cultural resources. Phase One of the State Coastal Conservancy's cultural and tribal resource study is the creation of a Tribal Working Group to guide the study. Once the study is completed, the state agency team will re-engage with Hollister Ranch representatives to determine if common ground can be found to provide interim voluntary public access while protecting tribal and cultural resources.

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As background, since 2019, the state agency team and its consultants have spearheaded a robust public engagement process to develop a contemporary Hollister Ranch Coastal Access Program—pursuant to AB 1680 (Limón, 2019). The team established a stakeholder working group that met regularly for a year and a half to assist in developing the draft Program. The team interviewed 18 groups, issued four public surveys, and convened interactive public engagement sessions, including hosting two public meetings and eight listening sessions with environmental justice communities, youth, and Chumash tribal representatives. Formal Chumash tribal consultations are ongoing, and the state agency team continues to regularly update stakeholders on the planning process.

San Onofre Nuclear Generating Station Units 2 & 3 Decommissioning

Last month, Southern California Edison notified staff of National Pollution Discharge Elimination System (NPDES) permit sampling exceedance that occurred on September 26. Under the NPDES permit, the generating station is allowed a 30-day average of 15 milligrams per litre (mg/L) and a daily maximum limit of 20 mg/L for oil and grease discharges. On September 27, 68.7 mg/L for the first sample and 50.0 mg/L for the second sample were confirmed, which exceed the permitted 30-day average and daily maximum limits.

Southern California Edison Company also notified the San Diego Regional Water Quality Control Board, the Office of Emergency Services, the Department of Fish and Wildlife/Office of Spill Prevention and Response, the Regional Water Quality Control Board, the California Coastal Commission, the California Coastal Commission and California Geologic Energy Management Division.

Approximately 28,000 gallons of water was discharged during this event. Because an oil absorbent boom is always in place at the discharge point, this discharge would have received some oil removal treatment before entering the Pacific Ocean. A saltwater dilution pump was also running, which provided additional dilution. The generating station began corrective action and discontinued all discharges until corrections are completed and the NPDES permit's effluent limits can be met. Only then will the system be placed back in service.

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Ongoing Activities

On August 23, Aspen Environmental Group sent staff an updated monitoring report on the onshore construction activities. Major onshore activities will continue to occur at the existing facility. Onshore work will include, but not be limited to: the establishment of equipment and material staging yards; the reconfiguration and/or reinforcement of site access roads and entrances; the installation, modification, or upgrade to rail infrastructure; the construction of temporary containment enclosures to perform decontamination and dismantlement tasks; the completion of radiological remediation pursuant to Nuclear Regulatory Commission regulations; the segmentation and packaging of reactor vessel internals for shipment and disposal; the removal and disposal of large components (e.g., reactor vessels, steam generators, pressurizers, turbine-generators); the dismantlement of container buildings; the removal of all remaining above-ground structures; and the partial removal of subsurface structures, systems, and components.

Construction activities offshore are anticipated to start in 2024. Southern California Edison anticipates continuing to discharge through the Unit 2 conduit into the ocean through 2024 as part of the operation and maintenance of the sewage treatment plant, and the sumps, in addition to draining the spent fuel pools.