

Staff Report 15

APPLICANT:

Wild Goose Storage, LLC, a Delaware Limited Liability Company

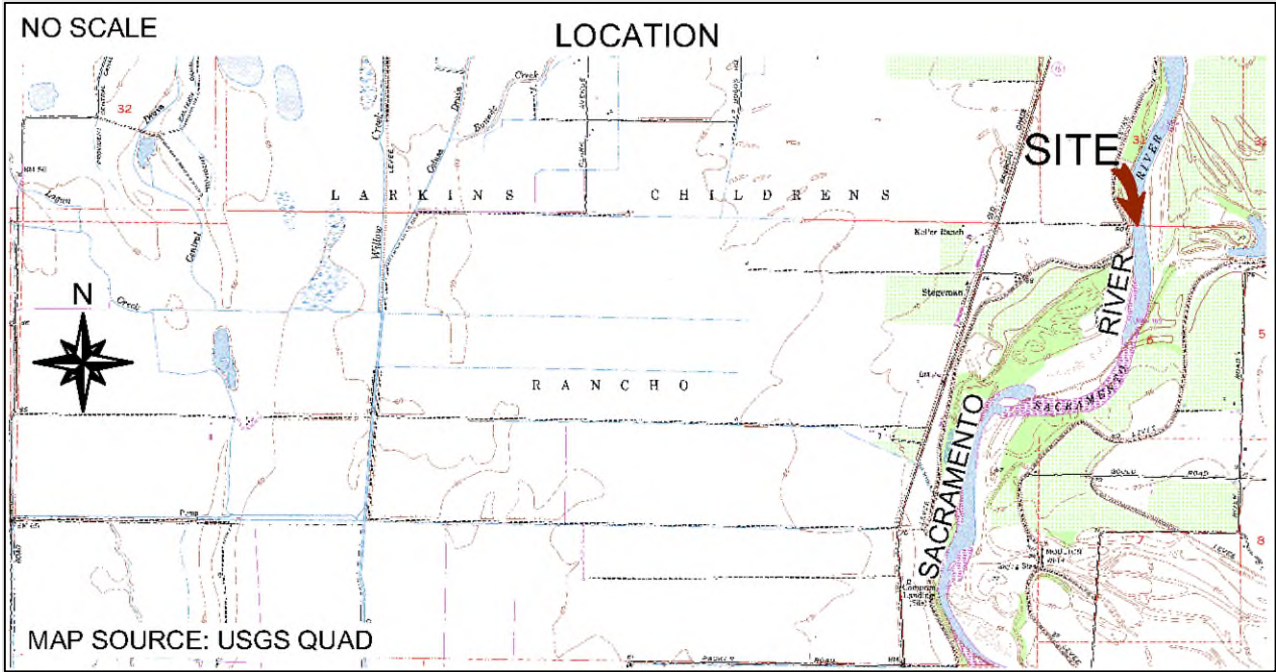
PROPOSED ACTION:

Issuance of General Lease – Right-of-Way Use.

AREA, LAND TYPE, AND LOCATION:

Sovereign land in the Sacramento River, adjacent to Assessor’s Parcel Numbers 012-170-001, 012-120-014, 012-160-062, and 012-160-035, near Delevan, Colusa County (as shown in Figure 1).

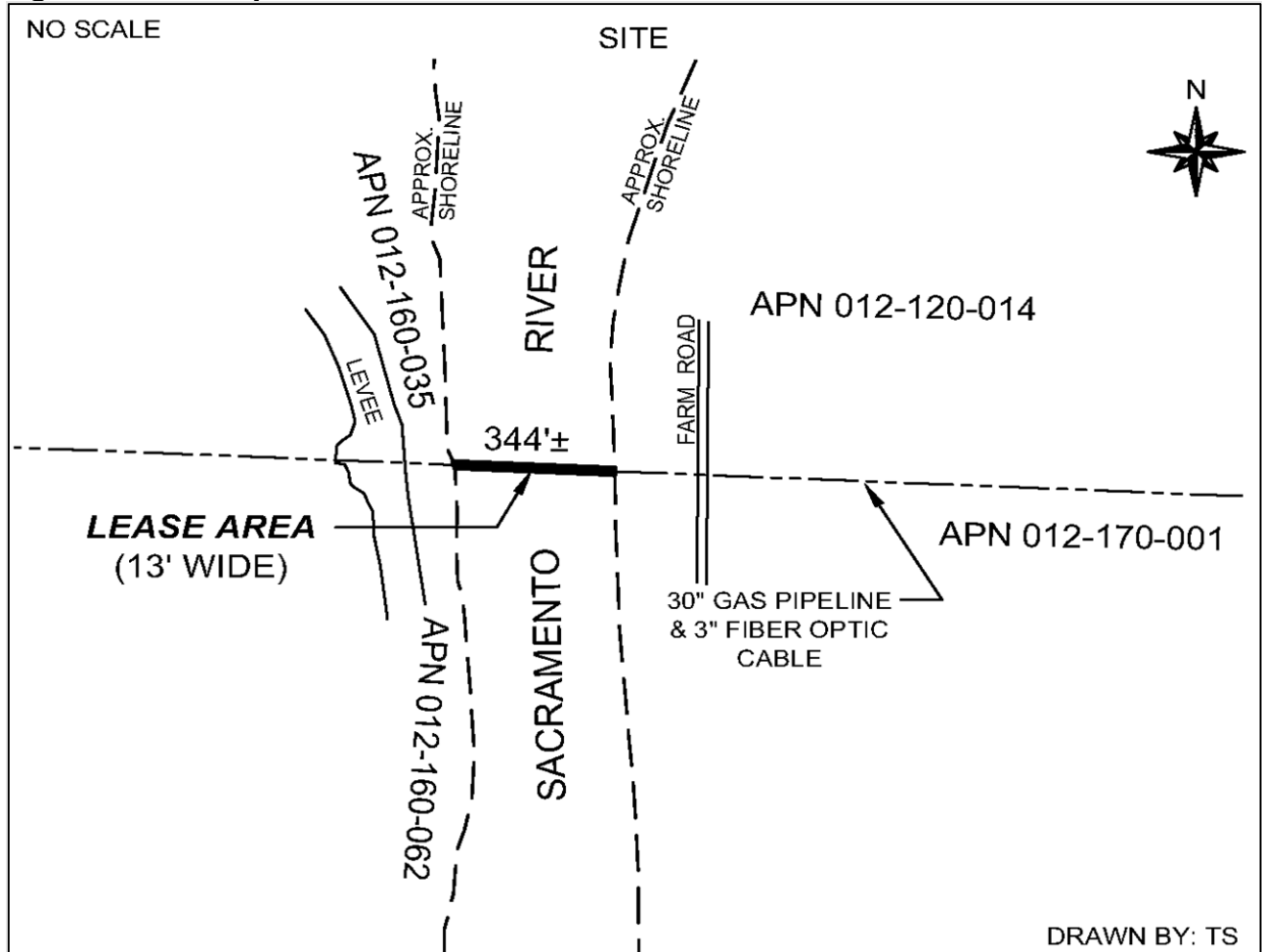
Figure 1. Location



AUTHORIZED USE:

Use of one existing horizontal directionally drilled 30-inch-diameter natural gas pipeline and one 3-inch-diameter fiber optic cable (as shown in Figure 2).

Figure 2. Site Map



NOTE: This depiction of the lease premises is based on unverified information provided by the Applicant or other parties and is not a waiver or limitation of any State interest in the subject or any other property.

TERM:

20 years, beginning February 21, 2023.

CONSIDERATION:

Rent in the amount of \$599 per year, with an annual Consumer Price Index adjustment, with the State reserving the right to fix a different rent periodically during the lease term, as provided for in the lease.

SPECIFIC LEASE PROVISIONS:

- Insurance: General liability insurance in an amount no less than \$50,000,000 per occurrence.
- Surety which reaches the full value of \$350,000 through supplemental deposits during the lease term as noted in Section 2 provisions.
- Lessee shall perform inspections of the pipeline as stated in Lease Section 2 – Special Provisions and shall provide to Lessor results of the inspections including a report, findings, and recommended repairs as specified in the Lease.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6216, 6301, 6501.1, and 6503; California Code of Regulations, title 2, sections 2000 and 2003.

PUBLIC TRUST AND STATE’S BEST INTERESTS:

On February 21, 2003, the Commission authorized a 20-year General Lease – Right-of-Way Use, to the Applicant for installation of a horizontal directionally drilled (HDD) natural gas pipeline and two fiber optic cables crossing the Sacramento River to Wild Goose Storage, Inc. ([Item 15, February 21, 2003](#)). On February 5, 2007, the Commission authorized the assignment of Lease PRC 8443, to update the lessee’s name from Wild Goose Storage, Inc. to Wild Goose Storage, LLC, effective March 1, 2007 ([Item 26, February 5, 2007](#)). In that same meeting, the Commission also authorized execution of an Agreement and Consent to Encumbrance, pledged as partial security for a credit facility to Bank of America, N.A. ([Item 26, February 5, 2007](#)). On June 28, 2007, the Commission authorized an amendment of lease to modify the required liability insurance from \$250,000,000 to \$50,000,000 ([Item 33, June 28, 2007](#)). On February 27, 2018, the Commission authorized a revision of rent from \$250 per year to \$568 per year, effective February 21, 2018 ([Item 33, February 27, 2018](#)). The lease expired on February 20, 2023.

The Applicant is applying for a new General Lease – Right-of-Way Use, for use of one existing 30-inch-diameter natural gas pipeline and one 3-inch-diameter fiber optic cable in the Sacramento River, adjacent to Assessor’s Parcel Numbers 012-170-001, 012-120-014, 012-160-062, 012-160-035, near Delevan, Colusa County. Although the prior lease authorized one 36-inch-diameter pipe, the actual

diameter is 30-inches as confirmed by the Applicant and inspection reports. Further, the Applicant has confirmed there is only one 3-inch-diameter fiber optic cable in the lease area. The cable is located immediately adjacent to the subject pipe.

The subject pipeline is part of a larger interstate natural gas transportation system that supplies gas to the local area. It transports natural gas bi-directionally between the Pacific Gas and Electric station at Delevan in Colusa County and the Applicant's storage facility. It was installed between year 2002 and 2003. There have been no reportable incidents since that time. The pipeline was last inspected in 2022. The pipeline is approximately 25.4 miles long and a small portion (approximately 344-linear-feet) of the pipe crosses under the bed of the Sacramento River within the Commission's jurisdiction. At the time of HDD installation, the maximum depth of the pipeline was 35 feet below the riverbed. The pipeline serves an underground natural gas storage facility that is located on an upland parcel (not within the Commission's jurisdiction).

The pipeline is submerged below the bed of the Sacramento River and does not impede surface use or interfere with Public Trust needs and values at this location, at this time. The existing pipeline does not significantly alter the land, and the lease does not alienate the State's fee simple interest or permanently impact public rights. The lease is limited to a 20-year term and does not grant the lessee exclusive rights to the lease premises. Upon termination of the lease, the lessee may be required to remove any improvements and restore the lease premises to their original condition.

Furthermore, the lease requires that the lessee insure the lease premises and provide a bond or some other form of financial security for the faithful performance of the lease obligations. The proposed agreement would require the Lessee to provide an initial surety of \$100,000 within 90 days of the lease authorization date, a second increase of \$100,000 within twelve (12) months of the lease authorization date, and a third increase of \$150,000 within twenty-four (24) months of the lease authorization date, until the security reaches a total of \$350,000. The lease also requires the payment of annual rent to compensate the people of the State for the occupation of the public land involved.

CLIMATE CHANGE:

The lease area is not tidally influenced and therefore, would not be subject to sea level rise. However, as stated in [Safeguarding California Plan: 2018 Update](#) (California Natural Resources Agency 2018), climate change is projected to

increase the frequency and severity of natural disasters related to flooding, drought, and storms. In rivers, more frequent and powerful storms can result in increased flooding conditions and damage from storm-created debris. Conversely, prolonged droughts could dramatically reduce river flow and water levels, leading to loss of public access and navigability. Climate change will further influence riverine areas by changing erosion and sedimentation rates, and flooding and storm flow, as well as runoff, will likely increase scour, decreasing bank stability at a faster rate.

The pipeline provides natural gas from the Pacific Gas and Electric station at Delevan in Colusa County to the Applicant's storage facility. Methane leaks are the most common emission from the transportation of natural gas through pipelines. Methane is the primary contributor to the formation of ground-level ozone, a hazardous air pollutant and greenhouse gas. It is also a major driver of global warming – it is 80 times more potent at warming the planet than carbon dioxide.

California is in the midst of the climate crisis, caused in large part by carbon emissions from the production of fossil fuels and their subsequent use. According to the [State's Fourth Climate Change Assessment](#) (Governor's Office of Planning and Research 2018), climate change is making extreme conditions in California more frequent and severe. For example, there were 4.2 million acres of land burned in wildfires in California in 2020, more than the previous four years combined, and 2022 was the driest year on record ([CAL FIRE, in 2021 SB 100 Joint Agency Report, California Energy Commission; National Integrated Drought Information System 2022](#)). Average annual temperatures are on the rise in California, and if greenhouse gas emissions are not lowered substantially, air temperatures could increase by an average of 5.8°F by 2050 and 8.8°F by 2100 ([California Natural Resources Agency 2022](#)). These impacts endanger natural resources and public health.

The most effective way to prevent the worst impacts of the climate crisis is to reduce greenhouse gas emissions by transitioning the state's energy portfolio from fossil fuels to renewable, non-emitting sources such as solar, wind, and geothermal. Senate Bill (SB) 1020 (Laird) requires that at least 90 percent of California's retail sales of electricity come from renewable, zero-carbon sources by 2030, 95 percent by 2035, and 100 percent by 2045. The State is already on its way, securing over 39 percent of its energy from renewable sources in 2022, and over 21 percent from zero-carbon sources, for a combined 61 percent of total retail sales ([California Energy Commission, 2024](#)). The primary action to achieve these targets is to eliminate the use and physical presence of fossil fuels in the state, including natural

gas¹. The proposed lease would expire before the 100 percent renewable, zero-carbon sources requirement date of 2045.

In addition to atmospheric impacts, methane is highly flammable. The lease premises is located in Colusa County in open lands with moderate to low vegetation fuels. The Applicant acknowledges the contribution of fugitive pipeline emissions to climate change and wildland fire risk. Regular pipeline inspections, as required by State and federal law and in compliance with the terms of the lease, will reduce the potential for methane leaks and associated atmospheric impacts.

The pipeline is buried no less than 10 feet under the Sacramento River, and therefore, would not be impacted by climate change related riverine processes, such as storm events of increased intensity and frequency that could erode the bed of the river. In addition, an inline inspection assessment conducted March 22, 2022, found that the pipeline was in acceptable repair.

Pursuant to the proposed lease, the Applicant acknowledges that the lease premises and adjacent upland are in an area that may be subject to the effects of climate change.

ENVIRONMENTAL JUSTICE:

The [Commission's Environmental Justice Policy](#) reaffirms its commitment to an informed and open process in that all people are treated equitably and with dignity. Among other goals, the policy commits to “Strive to minimize additional burdens on and increase benefits to marginalized and disadvantaged communities resulting from a proposed project or lease.” Consistent with its Policy, staff reviewed environmental justice data that indicated high pollution burdens to the surrounding community. These burdens may result in health impacts such as asthma, low birth weight, and cardiovascular disease. In addition, the same data showed high pollution burdens related to groundwater threats, impaired waters, and exposure to pesticides. As part of its commitment to environmental justice, staff contacted community-based organizations in Colusa County on December 20,

¹ There are many additional ongoing and planned actions that have to co-occur in order to achieve these goals and reduce harms to the people and natural resources of California. These include increasing energy efficiency, transforming the electrical grid to have more load flexibility, decarbonizing buildings, and electrifying the transportation sector. Learn more in the [2021 SB100 Joint Agency Report](#).

2022. The outreach included a brief description of the proposed lease and conveyed a strong desire to learn from the perspectives of the local community. As of the posting of this staff report, no responses to the outreach have been received.

CONCLUSION:

For all the reasons above, Staff believes the issuance of this lease will not substantially interfere with Public Trust needs and values at this location, at this time, and for the term of the proposed lease; and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of a lease is a discretionary action by the Commission. Each time the Commission approves or rejects a use of sovereign land, it exercises legislatively delegated authority and responsibility as trustee of the State’s Public Trust lands as authorized by law. The lessee has no right to a new lease or renewal of any previous lease.
2. This action is consistent with the “Meeting Evolving Public Trust Needs” Strategic Focus Area of the Commission’s 2021-2025 Strategic Plan.
3. Staff recommends that the Commission find that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15061 and California Code of Regulations, title 2, section 2905.

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, title 2, section 2905, subdivision (a)(2).

PUBLIC TRUST AND STATE’S BEST INTERESTS:

Find that the proposed lease will not substantially impair the public rights to navigation and fishing or substantially interfere with Public Trust needs and values at this location, at this time, and for the term of the lease; and is in the best interests of the State.

AUTHORIZATION:

Authorize issuance of a General Lease – Right-of-Way Use to the Applicant beginning February 21, 2023, for a term of 20 years, for the use of one existing horizontal directionally drilled 30-inch-diameter natural gas pipeline and one 3-inch-diameter fiber optic cable crossing the Sacramento River, as described in Exhibit A and as shown on Exhibit B (for reference purposes only), attached and by this reference made a part hereof; rent in the amount of \$599 per year, with an annual Consumer Price Index adjustment; liability insurance in an amount no less than \$50,000,000 per occurrence; and an initial surety of \$100,000, that will be increased by \$100,000 within twelve (12) months of lease authorization and by \$150,000 within twenty-four (24) months of lease authorization, until it reaches \$350,000, as noted in Section 2 provisions.