

Meeting Date: 11/07/25  
Lease Number: 4196  
Staff: K. Connor  
B. Johnson  
Y. Ramirez

# Staff Report 61

## APPLICANT:

Ormond Beach Power, LLC, a subsidiary of GenOn Holdings, Inc.

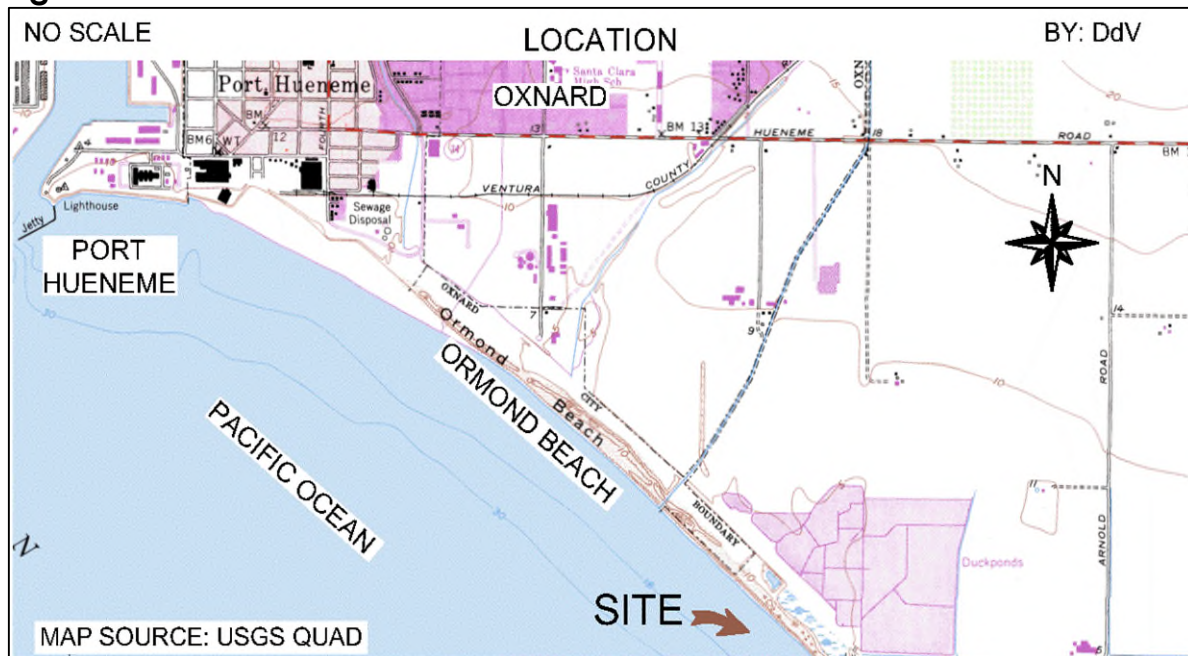
## PROPOSED ACTION:

Amendment of General Lease – Industrial Use. Separately, authorization for staff to negotiate and execute a contribution agreement with GenOn Holdings, Inc., and acceptance of money, following the execution of the proposed agreement.

## AREA, LAND TYPE, AND LOCATION:

Approximately 5.74 acres of sovereign land in the Pacific Ocean, offshore Ormond Beach, near Oxnard, Ventura County (as shown in Figure 1).

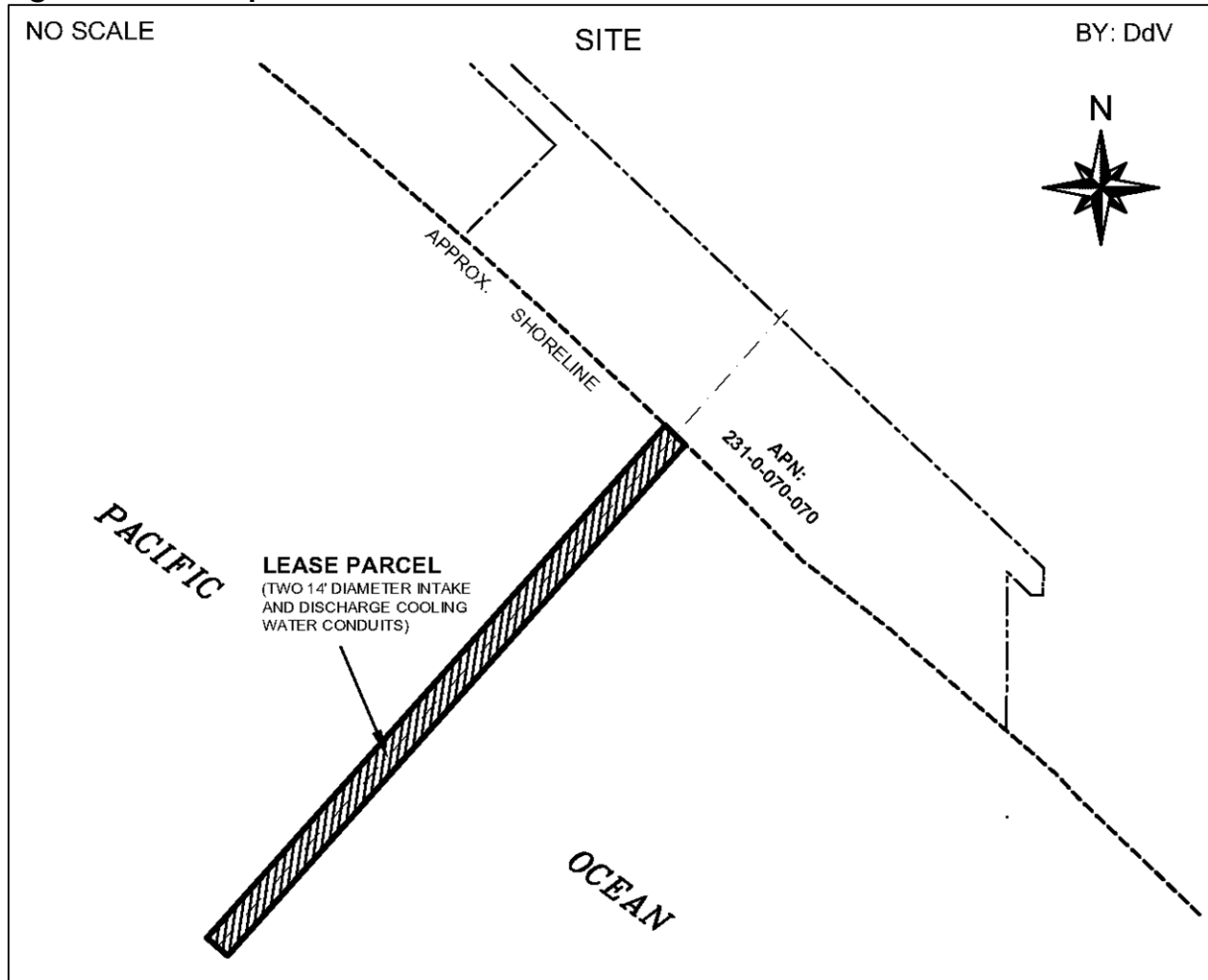
**Figure 1. Location**



**AUTHORIZED USE:**

Use and maintenance of one existing 14-foot-diameter seawater intake conduit and one existing 14-foot-diameter discharge cooling water conduit (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:**

8 years, beginning April 24, 2017.

**CONSIDERATION:**

\$47,250 per year, with an annual Consumer Price Index adjustment.

**PROPOSED AMENDMENT:**

- Section 1, Term, ending date is amended from April 23, 2025, to December 31, 2026.
- Section 1, Surety Bond or Other Security is amended to an amount no less than \$14,400,000.
- Section 2, Special Provisions, Paragraph 1, is amended to require the Lessee to submit a lease application by December 31, 2025, for Commission review and consideration for the removal, or other disposition of all existing offshore site improvements associated with the Ormond Beach Generating Station (OBGS).

All other terms and conditions of the lease to remain in effect without amendment.

**BACKGROUND:**

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The Ormond Beach Generating Station (OBGS) is a natural-gas-fired steam electric generating facility that was constructed in 1968 and is located in the city of Oxnard, Ventura County. The power station consists of two conventional steam turbine units with a combined generating capacity of 1,500 megawatts of electrical power serving the general public in the Southern California region. To cool the two steam turbine units, OBGS utilizes a once-through cooling (OTC) system where seawater is pulled in and discharged through two conduits extending into the Pacific Ocean.

The seawater intake conduit extends about 2,499 feet offshore and draws water from the Pacific Ocean to the electric generating unit and is used to cool plant components. The discharge conduit extends about 1,789 feet offshore and discharges the OTC water back into the Pacific Ocean from the electric generating unit. The Los Angeles Regional Water Quality Control Board (RWQCB) regulates the water withdrawals and discharges through a National Pollutant Discharge Elimination System (NPDES) permit.

OBGS has a total pumping capacity of 685 million gallons per day and a condenser flow rating of 654 million gallons per day. OBGS withdraws substantially less water than its design capacity on an annual basis. When in operation and generating the maximum load, OBGS can be expected to withdraw water from the Pacific Ocean at a rate approaching its maximum capacity. The last time OBGS operated was during the summer of 2024.

## PREVIOUS COMMISSION AUTHORIZATIONS

On April 28, 1969, the Commission authorized a 20-year term with two 14-year renewal options for a General Lease – Industrial Use ([Item 34, April 28, 1969](#)). The lease was issued to Southern California Edison Company (SCE) for the construction and operation of one 14-foot-diameter seawater intake conduit extending approximately 2,499 feet offshore and one 14-foot-diameter discharge cooling water conduit extending approximately 1,789 feet offshore. The Commission authorized the first 14-year renewal on April 26, 1989 ([Item 13, April 26, 1989](#)). The Commission authorized an assignment of lease from SCE to Ormond Beach Power Generation, LLC, (OBPG) on December 16, 1998 ([Item 24, December 16, 1998](#)). In 1999, OBPG changed its name to Reliant Energy Ormond Beach, LLC (Reliant) and subsequently converted from a limited liability company to a corporation in March 2002. That lease expired on April 23, 2003.

On August 19, 2003, the Commission authorized the last 14-year term to Reliant ([Item 18, August 19, 2003](#)). Prior to the lease expiring, Reliant changed its name to NRG California South LP. Commission authorization for the name change was not required because ownership did not change. That lease expired on April 23, 2017.

On June 22, 2017, the Commission authorized a new 8-year General Lease – Industrial Use to NRG California South LP ([Item 56, June 22, 2017](#)). On August 20, 2020, the Commission authorized a lease assignment to Ormond Beach Power, LLC, a subsidiary of GenOn Holdings, Inc. (GenOn), due to an internal reorganization that created the Lessee as a new entity ([Item 45, August 20, 2020](#)). The lease expired on April 23, 2025, and remains in holdover.

## EXTENDED OBGS OPERATIONS

On May 4, 2010, the California State Water Resources Control Board (State Water Board) adopted a [Once-Through Cooling Policy](#) (as last amended on August 15, 2023, and effective as of December 5, 2023), which requires new or expanded coastal power plants and other industrial installations using seawater for cooling, heating, or industrial processing, to use the best available site, design, technology, and mitigation measures feasible to minimize the intake and mortality of all forms of marine life. The OBGS was initially required to comply with the OTC Policy by either upgrading or shutting down by December 31, 2020.

After the adoption of the 2010 OTC Policy, the Water Board convened the Statewide Advisory Committee on Cooling Water Intake Structures (SACCWIS) to advise the Water Board on the implementation of the OTC Policy and ensure that

implementation plans and schedules established by the policy are realistic and will not cause disruption to the State's electrical power supply. SACCWIS includes representatives from the California Energy Commission (CEC), California Public Utilities Commission (CPUC), California Coastal Commission, California State Lands Commission, California Air Resources Board, California Independent System Operator (CAISO), and the State Water Board.

On February 28, 2018, NRG, the operator of OBGS at the time, submitted letters to the CPUC, which regulates private energy companies, and CAISO, the nonprofit entity that oversees California's bulk energy market, stating that it intended to retire OBGS before its OTC Policy compliance deadline; however, a Local Capacity Requirement study from CAISO determined that at least one of the generating units at OBGS was needed for local energy capacity reserves and to maintain sufficient energy reliability. Therefore, in Decision 18-06-030, the CPUC directed Southern California Edison (SCE) to negotiate contracts for the facilities to maintain grid reliability in furtherance of its Resource Adequacy policy. SCE negotiated a series of power purchase agreements that kept OBGS open through December 31, 2023, all of which the CPUC approved.

Through March 2022, SACCWIS did not recommend any changes to the final compliance dates in the OTC Policy for OBGS, see the [March 2022 SACCWIS Report](#). However, after the March 2022 SACCWIS report, the California Energy Commission conducted a new reliability analysis and presented it at a workshop on [May 20, 2022](#). The new analysis considered impacts from extreme weather events, wildfires, supply chain constraints, interconnection and permitting concerns, and improved climate change models in the electricity demand forecast. This analysis identified a projected shortfall as high as 10,000 megawatts in summer 2025 (the link above also contains the closed caption transcript of the workshop). SACCWIS did not recommend any changes to the OTC Policy as of March 2025.

### **OBGS's CONTRACT WITH THE STATE TO SUPPLY EMERGENCY POWER**

In response to the energy supply shortage, the State Legislature adopted and the Governor signed [Assembly Bill 205](#) (AB 205, 2022), which created a statewide Strategic Reliability Reserve to bolster system reliability while California develops and procures clean energy resources. One portion of the Strategic Reliability Reserve, the Electricity Supply Strategic Reliability Reserve Program (ESSRRP), operated by the Department of Water Resources (DWR), includes the option of extending the operations of power plants currently scheduled for retirement, through direct contracts with the State of California.

With these new considerations, the SACCWIS approved a special report on September 20, 2022, the [Final 2022 Special Report](#), that recommended the Water Board extend the OTC Policy compliance deadline for OBGS for three years, from December 31, 2023 to December 31, 2026. Based on that special report, the Water Board amended the [OTC Policy on August 15, 2023](#), which was contingent on OBGS participating in the ESSRRP.

DWR prepared and presented the terms, cost, and scope of the ESSRRP investment plan to the CEC. The CEC approved DWR's Strategic Reserve Investment Plan at its [August 9, 2023 meeting](#), which included a contract between DWR and OBGS to operate as an emergency plant for three years from December 31, 2023 to December 31, 2026.

Under the DWR contract, OBGS is powered off and does not operate unless it is directed to be turned on, and only when all other power sources are unable to meet emergency demands. CAISO determines if OBGS must be turned on to provide emergency power. Since contracting with DWR, OBGS was turned on three times in the summer of 2024, when extreme heat forecasts risked energy blackouts, and was operational for several days during each occurrence.

SACCWIS released their [Final 2024 Report](#) on March 11, 2024, which did not recommend any further changes to the compliance schedules in the OTC Policy for OBGS, at this time. SACCWIS recently approved their [Draft 2025 Report](#) on March 21, 2025, which also does not recommend additional OTC Policy compliance extensions for OBGS, at this time. SACCWIS continues to assess reliability impacts on the electrical grid and will release their 2026 recommendations around March 2026.

## **DECOMMISSIONING PLANS AND FUNDING**

Before 2018, the City of Oxnard did not require that the OBGS site be demolished, and OBGS structures would have remained in place after the decommissioning. However, during the OTC Policy extension process, the City of Oxnard and GenOn negotiated the Agreement for Demolition and Remediation of the Ormond Beach Generating Station (Agreement). The Agreement established deadlines and a financial plan for the demolition of OBGS, which is funded by GenOn with a \$25 million deposit held in a trust fund administered by the Ventura County Community Foundation Complex Asset Supporting Organization. The \$25 million amount equals the total estimated cost to decommission the plant and includes \$6 million

earmarked for offshore conduit decommissioning. To date, the agreement amount has grown to approximately \$27 million due to interest accrual.

Additionally, in exchange for the City of Oxnard's cooperation with the extension of the OTC Policy compliance deadline from December 31, 2023 to December 31, 2026, GenOn agreed to pay \$10 million to the City's dedicated fund for the development of a future public access park at Ormond Beach. Had the extensions not occurred, there would not have been a need for these agreements and there would not have been \$37 million in funds for the removal of the facility and creation of public access on the former power plant site.

OBGS operators and the City continue to meet to plan the decommissioning and future use of the site, which includes transferring the property to the City after completion of decommissioning and environmental cleanup. The City is in the process of preparing for the California Environmental Quality Act (CEQA) review of the decommissioning activities.

## **ENVIRONMENTAL JUSTICE:**

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"Environmental justice" is defined by California law as "the fair treatment and meaningful involvement of people of all races, cultures, incomes, and national origins, with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies" (Gov. Code, § 65040.12, subd. (e)). This definition is consistent with the Public Trust Doctrine principle that the management of trust lands is for the benefit of all people. The Commission adopted an Environmental Justice Policy in December 2018 ([Item 75, December 3, 2018](#)) to ensure that environmental justice is an essential consideration in the Commission's processes, decisions, and programs. Through its policy, the Commission reaffirms its commitment to an informed and open process in which all people are treated equitably and with dignity, and in which its decisions are tempered by environmental justice considerations. Among other goals, the policy commits the Commission to "[s]trive to minimize additional burdens on and increase benefits to marginalized and disadvantaged communities resulting from a proposed project or lease."

In keeping with its commitment to environmental sustainability and access to all, California was one of the first states to codify the concept of environmental justice in statute. Beyond the fair treatment principles described in statute, Commission staff believes that it is critical to include individuals who are disproportionately



affected by a proposed project's effects in the decision-making process. The goal is that, through equal access to the decision-making process, everyone has equal protection from environmental and health hazards and can live, learn, play, and work in a healthy environment.

### **IDENTIFYING COMMUNITIES OF CONCERN**

Staff evaluated various quantitative sources of information for the City of Oxnard, where OBGS is located. According to [CalEnviroScreen 4](#), OBGS is located in census tract 6111004715, and 77.28 percent of individuals identify as Hispanic or Latino. This community also has limited English proficiency. CalEnviroScreen 4.0 linguistic indicator measures the percentage of households where no one over 14 speaks English well. The linguistic isolation percentile is 78 percent, meaning the percentage of linguistically isolated households is higher than 78 percent of the census tracts in California. The top three languages spoken besides English are: Spanish, Tagalog, and Korean. The top two languages spoken by linguistically isolated people are Spanish and Tagalog, including Filipino. The poverty indicator measures the percentage of people living below twice the federal level. The poverty indicator percentile for this census tract is 67 percent, meaning the percentage of people living below twice the poverty level is higher than 67 percent of census tracts in California. Additionally, this community has a high housing burden indicator. This indicator measures the percentage of households that are both low-income and are paying more than 50 percent of their income to housing costs. The data available is from 2013-2017 and shows a housing burden percentile of 54 percent.

### **COMMUNITY ENGAGEMENT MEETING**

As part of the Commission's ongoing commitment to foster meaningful involvement and to increase outreach consistent with its Environmental Justice Policy, on February 28, 2025, Commission staff held a hybrid Community Engagement meeting at the South Oxnard Community Center. Roughly 45 community members attended in person and about 25 attended through Zoom. The purpose of the meeting was to inform the community of the proposed lease amendment and to provide space for community members to provide input on the proposed lease amendment. Commission staff worked closely with Central Coast United for a Sustainable Economy (CAUSE), a Central Coast community-based organization. Meeting participants appreciated staff having the meeting in the evening at a location that was convenient for the community. Meeting attendees included



youth and community leaders with CAUSE, City and County elected officials (participating as private citizens expressing their own opinions and not representing the City/County), and other community members. Many participants requested the Commission reject the lease amendment and start the decommissioning of the plant.

### **PUBLIC HEALTH CONCERNS**

Many participants referred to their community as a “toxic soup”; this term can be used to describe the health and environmental risks faced by communities near oil and petrochemical facilities. Nearly 50 percent of Oxnard residents have asthma according to CalEnviroScreen 4.0. Most youth leaders highlighted that either themselves or family and friends suffer from asthma or other respiratory health conditions. They feel their community has no way of escaping the harmful air pollution they are exposed to from the multiple sources of pollution. Furthermore, they expressed how difficult it is for their low-income community to cover the high cost of healthcare needed to treat respiratory illnesses and the negative impact on children's health.

### **PUBLIC ACCESS AND ENVIRONMENTAL IMPACTS**

The community also expressed concerns about public access. They talked about community members referring to Ormond Beach as “la playa fea” or “the ugly beach.” Many spoke about being a coastal community but not having access to the Oxnard coastline. Additionally, meeting participants talked about the negative impacts the OBGS has on local wetlands, marine wildlife, endangered species, and biodiversity. Participants were concerned about the OTC technology and how it can negatively impact marine life and water quality. They indicated the OTC technology is outdated and inefficient and therefore the emissions are significant when the plant is operated. There were also concerns about the impact on the community's viewshed. Lastly, community members highlighted the climate change impacts from fossil fuels, such as those used by OBGS.

### **OTHER CONCERNS**

Many meeting participants spoke about broken promises by the State to close the OBGS. They talked about how tired they are of showing up to hearing after hearing only to be dismissed by State officials. Many referred to the Commission's Environmental Justice Policy and requested that Commission staff use it as a tool to reject the lease amendment. They requested that the Commission take the lived

experience of Oxnard residents, prioritize people, and no longer use their community as a sacrifice zone for the benefit of the State.

Community members requested the Commission hold the decision-making meeting in Oxnard in the evening to accommodate the schedules of a majority of working-class community members in Oxnard. They also requested language equity by having interpretation services available at the meeting.

### **HISTORICAL ENVIRONMENTAL IMPACTS THAT INCREASE VULNERABILITY**

Surrounding the OBGS are the communities of Oxnard and Port Hueneme. These communities are confronted by a legacy of heavy industrial and agricultural activities and the corresponding pollution, including port activity, waste facilities, commercial agriculture, factories, oil and gas production, and the OBGS. These activities have impacted air and water quality in the region to the detriment of community wellbeing and public health (see Population Characteristics and Pollution Burden results from the CalEnviroScreen 4.0 below).

This Environmental Justice Analysis includes a focus on understanding the historical and present-day impacts of the OBGS, but it is important to also consider and understand the history of industrial activities that have contributed to legacy contaminants and environmental burdens, which continue to impact the community.

### **OTHER INDUSTRIAL ACTIVITIES CONTRIBUTING TO ENVIRONMENTAL IMPACTS**

Surrounding the communities of Oxnard and Port Hueneme are vast tracts of agricultural activities, [where pesticide usage is prolific and persistent](#). The use of pesticides, fumigants, insecticides, herbicides and other compounds can affect community health through exposure to contaminated soil, water, or air.

A stark reminder of the legacy of industrial activity in Oxnard is the presence of a [federal Superfund site](#) on Ormond Beach. The site includes around 750,000 cubic yards of contaminated slag from a former metal recycling plant.

The Port of Hueneme, located just to the south of Oxnard, supports shipping vessels and cargo transfers. These activities often involve heavy transportation activity and operations that can contribute to impaired air quality.

## **CUMULATIVE ENVIRONMENTAL IMPACTS AND POTENTIAL IMPACTS**

Several census tracts within Oxnard and Port Hueneme rank high in overall percentile on the CalEnviroScreen 4.0 model (67 – 94 percentile), indicating that communities in the area contend with high cumulative impacts from historical and present-day industrial activities.

Understanding these cumulative impacts, environmental burdens, and population characteristics allows for an informed assessment of how future activities may further impact or benefit a community. Oxnard and Port Hueneme communities rank high for overall pollution burdens and cumulative impacts. The historical and present-day industrial and agricultural activity in the area has affected community health and the surrounding environment. Despite being a coastal community, [residents lack equitable coastal access](#) due to industrial activity along the coast. Further, the legacy of environmental impacts increases the communities' vulnerability to climate change impacts.

[Toxic Tides](#) is a collaboration between environmental justice and grassroots community organizations with University of California researchers to visualize the location of toxic sites in areas projected to be at risk to sea level rise. As water levels rise, inundation of toxic sites could release contaminants into the water, soil, or air, affecting both public and environmental health. The Toxic Tides program highlights South Oxnard as an area of major concern due to the area's heavy presence of toxic sites and vulnerability to sea level rise. Another concern for the area is increasing air temperatures. As [extreme heat events](#) become more frequent, periods of increased air temperatures can exacerbate poor air quality and affect sensitive populations.

## **ORMOND BEACH GENERATING STATION**

While the intake and discharge conduits [pose a risk to marine life and water quality](#), natural gas plants, such as OBGS, [can also be significant sources of greenhouse gas and toxic gas emissions, when they operate regularly](#). Currently, the plant is only operated in response to extreme events that may impact the power grid's ability to meet demand, or for necessary maintenance activities, so its current emissions are substantially lower than its historical emissions prior to 2023 or 2024.

The decision to extend the deadline to retire the OBGS to December 31, 2026, was due to state energy agency determinations that it was needed to prevent power outages during extreme events. Without the additional capacity, rolling blackouts

and energy price spikes that can negatively impact all Californians are realistic possibilities. If it becomes necessary to operate the OBGS, for example, during an extreme heat event, impacts to air quality due to facility operations may coincide with worsened air quality due to heightened air temperatures. But during non-emergency events, the power plant will be offline (except for required testing and maintenance, which are set by its licensing requirements) and will not create air emissions. Because OBGS operates only during emergencies, it is extremely difficult to guess how often it will operate during the proposed lease extension period from April 23, 2025 to December 31, 2026. As discussed previously, in the summer of 2024 it was turned on three times. OBGS was not turned on, except for testing purposes, during the summer of 2025.

### **ONGOING COMMUNITY ENGAGEMENT**

Following the presentation of this lease application to the Commission in April 2025, staff engaged in ongoing discussions with CAUSE to address their questions and concerns. Throughout several regularly scheduled Commission meetings and a town hall in the City of Oxnard on October 14<sup>th</sup>, 2025, the Commissioners and staff heard extensive public input from community members, including concerns about air pollution, limited public access to the coast, and long-term environmental impacts from Ormond Beach Generating Station. In response to this feedback, staff worked closely with the Applicant to secure additional funding to support the community and address pollution and other impacts to the community from past and ongoing operations of the Ormond Beach Generating Station.

### **STAFF ANALYSIS AND RECOMMENDATION:**

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#### **AUTHORITY:**

Public Resources Code sections 6005, 6216, 6301, 6501.1, 6503, and 30001.2;  
California Code of Regulations, title 2, sections 2000 and 2003.

#### **PUBLIC TRUST AND STATE'S BEST INTERESTS:**

Staff recommends that the Commission amend the lease to extend the lease term to December 31, 2026, to authorize the offshore conduits while OBGS continues to operate under its contract with DWR. Staff also recommends that the lease amendment increase the required surety bond or other security from \$1 million to \$14.4 million, based on a recently prepared cost estimate for the removal and disposal of the conduit risers and terminal structures from sovereign land, to protect

the State from the potential financial burden of removing the structures at some future date. The Lessee would meet this increased requirement by providing a parent guaranty from GenOn Holdings, LLC, for \$13.4 million, to bring the total surety to \$14.4 million when combined with the existing \$1 million bond.

Staff's recommendation to extend the lease term is based on the State's energy needs while it transitions to cleaner energy sources. The Legislature and Governor's administration have charged a variety of State agencies to analyze and address these needs, including the California Public Utilities Commission, Energy Commission, Department of Water Resources, and State Water Resources Control Board, through its consultation with SACCWIS. These agencies have determined that the OBGS must operate through December 31, 2026, to protect Californians from power outages during extreme events like heatwaves and avoid their associated public health impacts. Unfortunately, the increasing supply of cleaner energy has not yet caught up with the growing energy demand. While California is a leader in this transition and working hard to vastly increase clean energy capacity, there is still more to be done to cover the delta between supply and demand. In an effort to minimize brownouts or blackouts and keep energy supply consistent, the State relies upon operations such as OBGS.

Staff acknowledges that the industrial uses in Oxnard, including OBGS, place unfair burdens on local communities. Oxnard is in many ways a prototypical example of an Environmental Justice community, where a history of land use decisions burden current residents with impacts from industrial operations without providing a proportional share of the benefits from those operations. Staff appreciates the community's engagement on the issue and understands their desire for OBGS decommissioning to proceed immediately.

It is important to emphasize that OBGS's operations as part of the state's Strategic Reliability Reserve are quantitatively different from its previous operations in terms of air emissions. Since the beginning of 2024, and for the length of the proposed lease extension, OBGS is operating only as an emergency power plant; it does not operate regularly. According to the United States Environmental Protection Agency's Clean Air Markets Program Data, in 2024, OBGS reduced its NOx emissions by about 72 percent and its CO2 emissions by about 81 percent compared to its 2023 operations. Compared to 2020 operations, OBGS reduced its NOx emissions by about 89 percent and its CO2 emissions by about 92 percent in 2024. Therefore, its associated air emissions are substantially reduced compared to its historic operations.

Additionally, OBGS returning to its historic operation levels is practically impossible. OBGS's continued operation relies on the State Water Board extending its OTC Policy compliance deadline, which is currently set for December 31, 2026, the date its contract with DWR expires. OBGS operators consistently said that they will not upgrade the plant to meet the OTC Policy requirements and will instead cease operations after the compliance deadline. OBGS operators intended to shut down the plant ahead of the 2020 OTC Policy compliance deadline until the State Water Board extended it. As discussed previously, SACCWIS, which includes State Lands Commission staff representatives, did not recommend any additional extensions to the OTC Policy for OBGS in the 2024 or draft 2025 reports. While it is impossible to predict what SACCWIS will recommend for OBGS in Spring 2026, a recommended extension, if any, would be based on the same factors described above including statewide grid reliability, and would almost certainly be limited to continued operations as an emergency plant, and not a return to historic operation levels.

GenOn has also provided funds for the decommissioning of the plant and its conversion to a public park, commitments which GenOn made as part of Agreements with the City of Oxnard related to the extended operations of the plant. These commitments help address the long-term public access issues at the location and help protect against further decommissioning delays after the State no longer contracts with OBGS for emergency power.

Therefore, OBGS has already reduced its air emissions impacts, and its operators and their parent company are already planning, and funding, for decommissioning activities. While these actions are not immediate decommissioning, staff believes they show concrete steps toward addressing the community's ultimate concerns at the OBGS site.

Finally, while there are documented impacts to marine life due to the impingement and entrainment associated with OTC technology, the OTC Policy enforced by the State through the State Water Board appropriately regulates these impacts.

When making its recommendation, staff is also mindful of the Commission's own jurisdiction. The Commission does not have jurisdiction over the upland portions of the OBGS and does not have a mandate from the Legislature to decide whether the OBGS is necessary for the State's energy reliability. That determination has already been made by the State's energy agencies. The decision before the Commission is whether to amend its lease to authorize continued use of water intake and discharge conduits required for a generating station that is under contract with a State agency to provide emergency power as part of the State's

Strategic Reliability Reserve Program based on the energy needs identified by other State agencies.

Considering all of the competing needs, staff concludes that the issuance of this lease amendment will not substantially interfere with the Public Trust needs and values at this location, at this time, and for the proposed amended term of the lease and is in the best interests of the State.

### **CLIMATE CHANGE:**

Climate change impacts, including sea level rise, increased wave activity, storm events, and flooding may affect the lease area containing the 14-foot-diameter seawater intake conduit and the 14-foot-diameter discharge cooling water conduit subject to the proposed lease, located offshore Ormond Beach, in the Pacific Ocean.

The California Ocean Protection Council updated the *State of California Sea-Level Rise Guidance* in 2018 to provide a synthesis of the best available science on sea level rise projections and rates. Commission staff evaluated the “high emissions,” “low risk aversion” scenario to apply a conservative approach based on both current emission trajectories and the lease location and structures. The Los Angeles tide gauge was used for the projected sea level rise scenario for the lease area as listed in Table 1.

**Table 1. Projected Sea Level Rise for Los Angeles**

<b>Year</b>	<b>Projection (feet)</b>
2030	0.7
2040	1.2
2050	1.8
2100	6.7

Source: Table 28, [State of California Sea-Level Rise Guidance: 2018 Update](#)

Note: Projections are with respect to a 1991 to 2009 baseline.

As stated in the [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 (especially when coupled with sea level rise). The combination of these conditions will likely result in increased wave run up, storm surge, and flooding in coastal areas. In tidally influenced waterways, more frequent and powerful storms can result in increased flooding conditions and damage from storm created debris. Climate change and



sea level rise will further influence coastal areas by changing erosion and sedimentation rates. Beaches and coastal landscapes will be exposed to increased wave force and run up, potentially resulting in greater beach erosion than previously experienced.

This increase in sea level combined with more frequent and stronger storm events will likely expose the upland area to higher flood risks, comprised of greater total water levels for longer periods of time.

The lease area contains one 14-foot-diameter seawater intake conduit and one 14-foot-diameter discharge cooling water conduit. The conduits are submerged under the Pacific Ocean and it is unlikely that sea level rise or more frequent and stronger storm events would cause major damage.

Regular maintenance, as referenced in the lease, may reduce the likelihood of severe structural degradation or dislodgement. Pursuant to the existing lease, the Applicant acknowledges that the lease premises and adjacent upland are located in an area that may be subject to the effects of climate change, including sea level rise.

## **OTHER PERTINENT INFORMATION:**

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1. Approval or denial of the application 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. If the Commission denies the amendment, the Applicant's lease would expire on April 23, 2025. The lessee has no right to a new lease or to renewal of any previous lease.
2. This action is consistent with the "Leading Climate Activism," "Prioritizing Social, Economic, and Environmental Justice," Partnering with Sovereign Tribal Governments and Communities," "Meeting Evolving Public Trust Needs," and "Committing to Collaborative Leadership" Strategic Focus Areas of the Commission's 2021- 2025 Strategic Plan.
3. Staff recommends that the Commission find that the lease amendment is exempt from the requirements of 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.

Entering into a Contribution Agreement and the subsequent acceptance of monies are not projects as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical change in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

## **APPROVALS OBTAINED:**

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- Los Angeles Regional Water Quality Control Board
- State Water Resources Control Board
- California Air Resource Board
- Ventura County Air Pollution Control District
- California Energy Commission

## **EXHIBIT:**

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A. Pollution Burden and Population Characteristics

## **RECOMMENDED ACTION:**

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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 amendment will not substantially interfere with the Public Trust needs and values at this location, at this time, and for the proposed amended term of the lease; and is in the best interests of the State.

**AUTHORIZATION:**

1. Authorize the amendment of Lease Number 4196, a General Lease – Industrial Use, effective April 2, 2025, to extend the lease term to December 31, 2026; amend the bond or other security to an amount no less than \$14,400,000; and modify the Lease Special Provisions substantially in the form described in the “Proposed Amendment” portion of this Staff Report, concerning the lands described in Figure 2 (for reference purposes only); all other terms and conditions of the lease will remain in effect without amendment.
2. Delegate authority to the Executive Officer, or their designee, to negotiate and execute an agreement with GenOn Holdings, Inc., related to a \$500,000 contribution for community-led air monitoring programs.
  - a. Authorize acceptance of \$500,000 contribution from GenOn Holdings, Inc., by February 1, 2026, following the execution of the agreement.

# Exhibit A

## Pollution Burden and Population Characteristics

According to the CalEnviroScreen 4.0 Indicator Maps, the combined pollution burden for multiple census tracts within Oxnard rank above 80, meaning that much of the Oxnard community experiences a combined pollution burden greater than 80 percent of other census tracts in California. The following pollution burden indicators rank above 70 within Oxnard and Port Hueneme, meaning the burden is higher there than 70 percent of census tracts in California:

- [Diesel Particulate Matter \(Diesel PM\)](#)

Several census tracts within the Cities of Oxnard and Port Hueneme rank above 75, meaning the detected Diesel PM is higher than 75 percent of the census tracts in California. The sources for Diesel PM include exhaust from trucks, buses, trains, ships, and other diesel-powered equipment. Diesel PM contains hundreds of chemicals, many of which are harmful to health.

- [Drinking Water Contaminants](#)

Most census tracts within Oxnard and Port Hueneme rank above 70 for drinking water contaminants. Sources for water contaminants could include factory inputs, sewage, and agricultural runoff.

- [Pesticide Use](#)

Census tracts in the area rank above 80 for pesticide use. Pesticides are commonly used in the surrounding agricultural fields. Farmworker families and residents living near agricultural activity can be exposed to pesticides both outdoors and inside homes.

- [Toxic Releases from Facilities](#)

Facilities that make or use toxic chemicals can release these chemicals into the air. The CalEnviroScreen 4.0 Indicators Map for Toxic Releases from Facilities identifies 8 facilities within Oxnard listed on the Toxic Release Inventory. Along the coast, census tracts near the Port of Hueneme rank above 80 for toxic releases from facilities.

- [Cleanup Sites](#)

Cleanup sites are places with hazardous chemicals and require clean up by the property owners or government. Several census tracts in the Oxnard area have multiple cleanup sites present, increasing the potential to the surrounding community to be exposed. Multiple census tracts along the coast in Oxnard rank above 80 for cleanup sites.

- [Groundwater Threats](#)

Hazardous chemicals are often stored in containers on land or in underground storage tanks. Leaks from these containers or tanks can contaminate soil and groundwater supply and impair air quality. This indicator is determined by the number of groundwater cleanup sites. Census tracts in the Oxnard area, particularly along the coast, generally rank high for groundwater threats, with some areas ranking above 90.

- [Hazardous Waste](#)

Hazardous waste contains chemicals that may be harmful to health. Facilities that treat hazardous waste are often located near poor neighborhoods or communities of color. There are clusters of hazardous waste generators within Oxnard and along Highway 101. The census tracts surrounding these clusters rank above 80, suggesting an overall risk of exposure to the community.

- [Impaired Waters](#)

When water bodies are contaminated by pollutants, they are considered impaired and a risk to wildlife and the public. Likely due to runoff and contaminant influences from heavy industrial and agricultural activity in the region, most of the water bodies within the Oxnard area are deemed impaired. Several census tracts rank above 90 for impaired water bodies.

- [Solid Waste Sites](#)

Solid waste facilities are places where household garbage and similar waste is collected, processed, or stored. The indicator considers the presence of solid waste facilities, including illegal sites. Several census tracts along the coast in Oxnard rank above 70 for solid waste sites, due to the presence of waste facilities.

Population Characteristic scores assess indicators from Sensitive Populations and Socioeconomic Factors that inform the CalEnviroScreen model. Population

characteristics include indicators for physiological traits, health status, or community characteristics that can result in increased vulnerability to pollution. The combined Population Characteristic score for the Oxnard area varies, but in the more populated or residential census tracts, the scores range from 55 to 88. The Population Characteristics that rank above 70 for the area include, asthma, low birth rate, low educational attainment, linguistic isolation, and poverty. Some census tracts also rank above 65 for cardiovascular disease and unemployment.