Meeting Date: 10/21/26
Lease Number: 9347
Staff: D. Romero

Staff Report 46

APPLICANT/LESSEE:

Pacific Gas and Electric Company

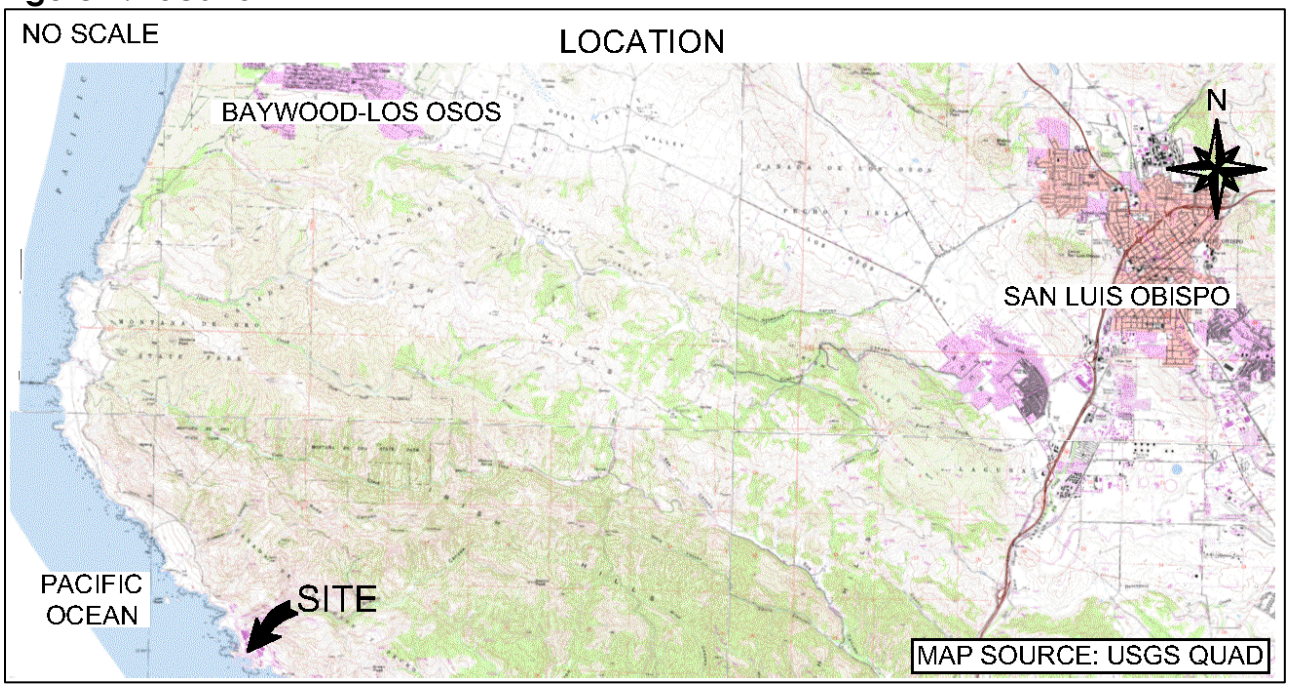
PROPOSED ACTION:

Amendment and Restatement of a General Lease – Industrial Use.

AREA, LAND TYPE, AND LOCATION:

Sovereign land located in and adjacent to the Pacific Ocean, near Avila Beach, San Luis Obispo County (as shown in Figure 1).

Figure 1. Location



AUTHORIZED USE:
Use of an existing cooling water discharge channel, water intake structure, breakwaters, boat dock, storage facility, office facilities, intake electrical room, intake maintenance shop, equipment storage pad, spare tri-bar storage, and use and maintenance of an existing salp bubble curtain, associated with the Diablo Canyon Power Plant (as shown in Figure 2).

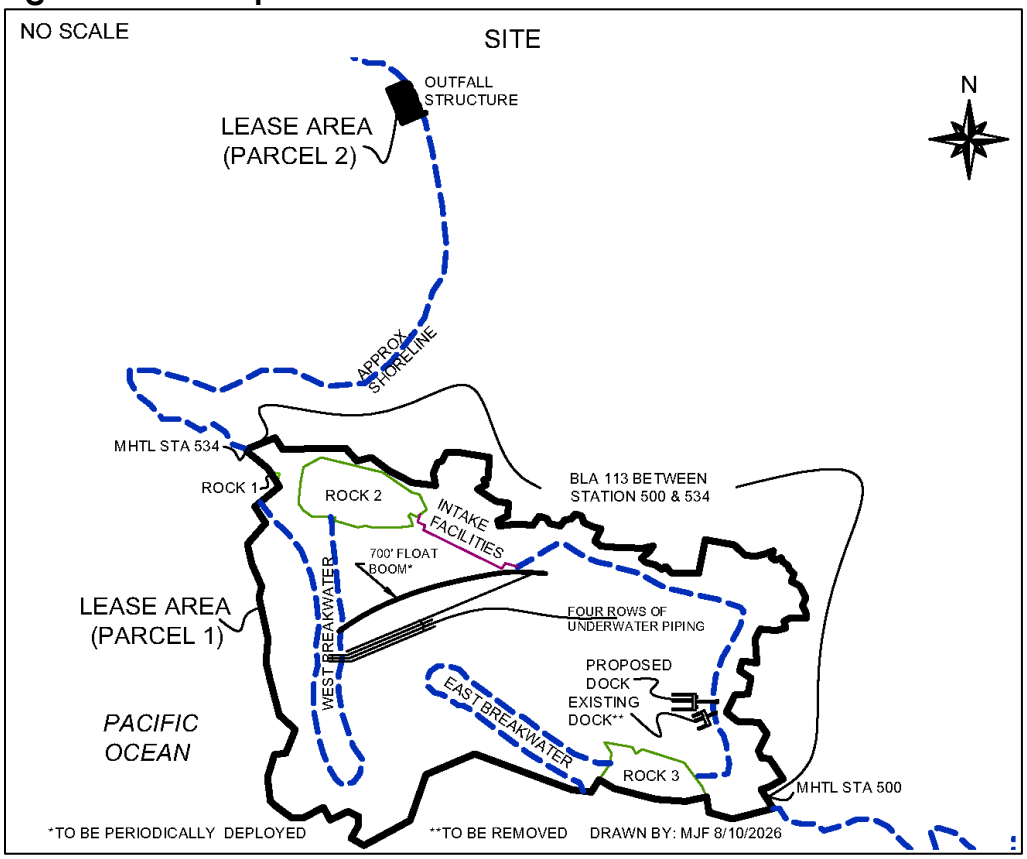
TERM:
14 years, beginning June 28, 2016, and ending October 31, 2030.

CONSIDERATION:
$279,450 per year, with an annual Consumer Price Index adjustment.

PROPOSED AMENDMENT:

- Section 1, Land Use or Purpose and Authorized Improvements are amended to include the removal of an existing boat dock and installation, use, and maintenance of a boat dock, effective October 21, 2026 (as shown in Figure 2).

Figure 2. Site Map



NOTE: This depiction (above) 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.

- Amend Section 2, Special Provisions, to include the following additional provisions pertaining to removal of the existing boat dock and construction of a boat dock:
    - No refueling, repairs, or maintenance of vehicles or equipment will take place on the Lease Premises.
    - Numerous provisions related to construction and post-construction requirements.
    - All debris shall be promptly removed from the Lease Premises.
    - Lessee agrees to be bound by and fully carry out, implement, and comply with all mitigation measures and reporting obligations as set forth in: 1) the Biological Resources Monitoring and Protection Plan, and 2) all mitigation measures and reporting obligations developed under Mitigation Plans required by the Biological Resources Monitoring and Protection Plan.
    - Within 60 days of completing the construction of the boat dock, Lessee will provide Lessor with photographs and a set of "as-built" plans that will show where the improvements have been placed. Lessor's staff shall then replace Exhibit A, Land Description, and Exhibit B, Site and Location Map, as necessary to accurately reflect the final location of the authorized improvements. Once approved by the Lessor's Executive Officer or designee, and Lessee, the revised Exhibits shall replace the Exhibits incorporated in the Lease at the time of Lease execution. The replaced Exhibits shall be incorporated in the Lease as though fully set forth therein.
    - Exhibit A, Land Description, and Exhibit B, Site and Location Map, are replaced with a new Exhibit A, Land Description, and Exhibit B, Site and Location Map, attached and made a part hereof.
- Amend Section 2, Special Provisions, to acknowledge that the one-time maintenance dredging and associated activities contemplated in the fourth amendment of the lease, authorized by the Commission on April 4, 2024, have been completed, and the Parties agree that the provisions of that lease amendment are no longer applicable to the lease and are therefore deleted in their entirety.

All other terms and conditions of the lease shall remain in effect without amendment. Staff proposes restating the lease at this time for clarity because the proposed lease amendment would be the sixth. Incorporating all the amendments into a single lease document will avoid potential confusion and promote efficiency.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6216, 6301, 6303, 6501.1, and 6503; California Code of Regulations, title 2, sections 2000 and 2003.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

On June 28, 2016, the Commission authorized termination of Lease Nos. PRC 4307.1, a General Lease – Right-of-Way Use, and PRC 4449.1, a General Lease – Industrial Use, and issuance of a General Lease – Industrial Use, Lease No. PRC 9347.1, to Pacific Gas and Electric Company (PG&E) for use of an existing cooling water discharge channel, water intake structure, breakwaters, and associated infrastructure at the Diablo Canyon Power Plant (DCPP) (Item 96).

On June 5, 2023, the Commission authorized an amendment to the lease to extend the lease term to October 31, 2030, and to make other revisions consistent with the DCPP operational extension authorized by Senate Bill 846 (SB 846) (Dodd, Chapter 239, 2022) (Item 90). The lease will expire on October 31, 2030. On April 4, 2024, the lease was amended to allow for one-time maintenance dredging of the intake cove (Item 41). Most recently, on August 21, 2025, the Commission authorized an amendment to the lease to include the use and maintenance of an existing salp bubble curtain previously authorized under Commission Lease 9105 (Item 48).

PG&E submitted an application to amend Lease 9347 for the removal of the existing boat dock and the installation and use of a boat dock. The existing boat dock is showing evidence of damage from waves and other age-related deterioration, and the gangway and fingers are too short for most vessel operations. The new boat dock will be within the existing lease area, which is already subject to annual rent. No additional rent will be assessed.

The existing boat dock floats, piles, and gangway will be removed using primarily shore-based equipment, such as cranes and trucks, and properly disposed of offsite. The existing boat dock is approximately 895 square feet. The new boat dock

will be approximately 1,330 square feet and consist of a post-tensioned float system. The new boat dock will be fabricated offsite, trucked to the project site, and installed in place. A crane will be used for lifting float segments from trucks and setting into the water and for installing the gangway. The piles will be installed using a floating crane on a barge.

The East Breakwater at this location also suffered damage in 2022 and 2023 due to large storm events. PG&E plans to repair the breakwater during the same period as the removal and installation of the boat dock. Staff reviewed the proposed activity and determined it to be repair and maintenance as required under the lease; thus, no Commission authorization is required for the proposed breakwater repairs.

The proposed lease requires the lessee to insure the lease premises and indemnify the State for any liability incurred as a result of the lessee's activities thereon. 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:

INTRODUCTION:

The climate crisis and rising sea levels are impacting coastal California now. As underscored in the State of California Sea Level Rise Guidance (Ocean Protection Council, 2024), the combination of extreme weather events and the persistent and accelerating rise in sea levels will lead to increased coastal hazards, such as wave runup, storm surges, flooding, and erosion. Shorelines will move inland due to rising seas, exposing more of the natural and human-built environment to coastal hazards. The resulting damage will occur repeatedly and incrementally over years and, in extreme cases, over the span of a few large winter storms. These impacts may affect the proposed replacement boat dock, located in the Diablo Canyon Power Plant Intake Cove, in San Luis Obispo County.

DATA & PROJECTIONS:

Sea levels along most of the California coast rose four to eight inches during the last century, and this trend will accelerate throughout this century. The current rate of sea level rise is triple the rate during the last century. There is growing confidence that by 2050 sea levels will be approximately ten inches higher than they were in 2000. The severity of sea level rise beyond 2050 is contingent on future levels of greenhouse gas emissions. The California Ocean Protection Council updated the

State of California Sea Level Rise Guidance in 2024 to provide a synthesis of the best available science on sea level rise projections and rates for multiple emissions scenarios. To apply a precautionary approach, Commission staff evaluated the "intermediate-high" and "high" scenarios due to the vulnerability and exposure of the lease location and the continued global reliance on fossil fuels. The Port San Luis 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 Port San Luis

Year	Intermediate-High (feet)	High (feet)
2040	0.5	0.6
2060	1.4	1.8
2080	2.8	3.8
2100	4.5	6.3

Source: Table 9, State of California Sea Level Rise Guidance: 2024 Update
Note: Projections are with respect to a 2000 baseline.

ANALYSIS:

Commission staff used the online sea level rise mapping tool, Our Coast Our Future, to evaluate risks to the lease premises and structures from sea level rise. The replacement dock is a post-tensioned float system which can rise with rising sea levels, but will be secured to the shoreside and supported by a concrete footing placed into the shoreline rock face between the roadway and water line. At 3.3 feet of sea level rise, the shore-mounted concrete footing of the dock premises will be regularly flooded and subject to stronger and more frequent wave impacts and erosion, potentially damaging any structures or improvements on the lease premises. Based on sea level rise projections in Table 1, this could occur between 2080 and 2090. However, episodic or short-term events, such as extreme storms, very high or King tides, and El Niño events, alone or in combination, increase the vulnerability of the lease premises and could expose it to flooding, wave runup and overtopping, and erosion much sooner.

RECOMMENDATIONS:

Regular maintenance, as referenced in the terms of the lease, may reduce the likelihood of severe structural degradation or dislodgement. Pursuant to the proposed lease, the Lessee acknowledges that the lease premises and adjacent upland (not within the lease area) are located in an area that may be subject to

the effects of climate change, including sea level rise and rising groundwater levels.

CONCLUSION:

For all the reasons above, staff believes 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 term of the lease; and is in the best interests of the State.

OTHER PERTINENT INFORMATION:

1. Approval or denial of the proposed amendment is a discretionary action by the Commission. Each time the Commission approves or rejects the 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 to renewal of any previous lease.
2. This action is consistent with the "Meeting Evolving Public Trust Needs," Strategic Focus Areas of the Commission's 2021- 2025 Strategic Plan.
3. The California Coastal Commission (CCC) prepared an environmental document pursuant to its certified regulatory program (Cal. Code Regs., tit. 14, § 15251, subd. (c)) and granted Coastal Development Permit (CDP) No. 9-25-0739 for the dock removal and replacement as part of the East Breakwater Repair Project and Boat Dock Replacement on December 12, 2025. Staff has reviewed the document and determined that the conditions, as specified in the California Code of Regulations, title 14, section 15253, subdivision (b), have been met for the Commission to use this document for its compliance with the California Environmental Quality Act (CEQA).
4. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370 et seq., but such activity will not affect those significant lands. Based upon participation from the agency nominating such lands through the permitting process, it is staff's opinion that the project, as proposed, is consistent with its use classification.

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that CDP No. 9-25-0739 (the environmental document), prepared for this project and adopted on December 12, 2025, by CCC pursuant to its certified regulatory program (Cal. Code Regs., tit. 14, § 15251, subd. (c)), is a substitute document as provided by the California Code of Regulations, title 14, section 15252, subdivision (a), and that the Commission has reviewed and considered the information therein.

Find that the conditions described in the California Code of Regulations, title 14, section 15253, subdivision (b), have been met for the Commission, acting as a responsible agency, to use the environmental document to comply with the requirements of CEQA. (Cal. Code Regs., tit. 14, § 15096.)

Determine that the project, as approved, will not have a significant effect on the environment.

SIGNIFICANT LANDS FINDING:

Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370 et seq.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

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

AUTHORIZATION:

1. Authorize the amendment and restatement of Lease Number 9347, a General Lease – Industrial Use, effective October 21, 2026; to allow for the removal of a boat dock and installation and use of a boat dock; revise Section 1, Land Use or Purpose and Authorized Improvements, and Section 2, Special Provisions, substantially as described in this staff report; and restate the Lease for clarity and to incorporate past lease amendments authorized by the Commission into a single lease document.

2. Authorize the Executive Officer or designee to replace Exhibits in the lease upon submission, review, and approval of as-built plans detailing the final location of the improvements following construction. All terms and conditions of the lease shall remain in effect without amendment upon replacement of the Exhibits.