

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 10/30/2012	(3) CONTACT/PHONE Dan Buckshi, County Administrative Officer 805-781-5011	
(4) SUBJECT Discussion regarding PG&E's Coastal Development Permit application and a consistency certification to the California Coastal Commission to conduct a 3-D seismic imaging survey offshore of the Diablo Canyon Power Plant.			
(5) RECOMMENDED ACTION  Provide direction to staff as appropriate to prepare a letter for signature by the Chair of the Board of Supervisors regarding Pacific Gas and Electric's (PG&E) Coastal Development Permit application and consistency certification to the California Coastal Commission to conduct a 3-D seismic imaging survey in state and federal waters offshore of the Diablo Canyon Power Plant.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT { } Consent    { } Presentation    { } Hearing (Time Est. _____) <b>{X}</b> Board Business (Time Est. 120 mins.)			
(11) EXECUTED DOCUMENTS { } Resolutions    { } Contracts    { } Ordinances <b>{X}</b> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)  N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A { } 4/5th's Vote Required <b>{X}</b> N/A	
(14) LOCATION MAP  No	(15) BUSINESS IMPACT STATEMENT?  No	(16) AGENDA ITEM HISTORY  { } N/A Date 2/23/10, 3/9/10, 4/12/11, 9/13/11 and 8/7/12	
(17) ADMINISTRATIVE OFFICE REVIEW			
(18) SUPERVISOR DISTRICT(S) District 2 and District 3 -			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office -- Dan Buckshi, County Administrative Officer  
805-781-5011

DATE: 10/30/2012

SUBJECT: Discussion regarding PG&E's Coastal Development Permit application and a consistency certification to the California Coastal Commission to conduct a 3-D seismic imaging survey offshore of the Diablo Canyon Power Plant.

## **RECOMMENDATION**

Provide direction to staff as appropriate to prepare a letter for signature by the Chair of the Board of Supervisors regarding Pacific Gas and Electric's (PG&E) Coastal Development Permit application and consistency certification to the California Coastal Commission to conduct a 3-D seismic imaging survey in state and federal waters offshore of the Diablo Canyon Power Plant.

## **DISCUSSION**

PG&E submitted an application to the California Coastal Commission in the Spring of 2012 to conduct a 3-D seismic imaging survey offshore of the Diablo Canyon Power Plant, pursuant to the recommendation of the California Energy Commission. As noted below, the San Luis Obispo Board of Supervisors has held several discussions in open meetings on this project and has taken various actions to convey the Board's position. The Coastal Commission is currently reviewing the PG&E application and will be considering this project during its next meeting, scheduled to be held November 14-16, 2012 in Santa Monica, CA. The purpose of this item before the Board of Supervisors is to provide an opportunity for the public to speak locally on the Coastal Development Permit and for the Board to discuss its position relative to this project. Any related written public comments submitted in advance of this discussion on October 30th will be included on the County's Board Agenda website <http://www.slocounty.ca.gov/livemeetings.htm>.

### **Summary of the PG&E Project under Review**

PG&E proposes to conduct offshore seismic imaging surveys to provide additional information on the relationships or connection between known faults and offshore fault zones near the Diablo Canyon Power Plant (DCPP). This project is being conducted in multiple phases with different equipment. Some of these studies have included low energy surveys that have already been conducted offshore in the area of DCPP. A portion of this project however, proposes high energy 3-D seismic surveys conducted by a vessel (along with two smaller support vessels) in the area of Estero Bay. The proposed survey area ("Box 4") is approximately 129.14 square miles in size (see the PG&E "Updated Expanded Project Description" in Exhibit 1).

The survey activity involves the main vessel, ( the R/V Marcus G Langseth), towing two arrays of air guns, along with hydrophones. The vessel will tow the air guns and hydrophone streamers (which total approximately 3.7 miles in length behind the vessel) along predetermined lines within the "Box 4" area. Two strings of nine air guns fire simultaneously and the hydrophones behind will record seismic waves reflected from subsurface geologic structures. These high energy surveys will be conducted for approximately ten days out of a total approximately 32 day project schedule (schedule also includes set up, deployment, biological surveys, and demobilization). Additionally, the vessel will use an echosounder and sub bottom profiler which will map sedimentary features and the bottom topography. The project is expected to be

conducted between November 15, 2012 and December 31, 2012.

The California State Lands Commission certified the Final Environmental Impact Report and approved a permit for this project (and similar high-energy surveys in other areas offshore), as described above, in August 2012.

#### Chronology of Key Events

The following is a chronology of the key events that have taken place through August 7, 2012, the date of the last Board of Supervisors discussion on this item:

AB 1632 (Blakeslee) was passed by the 2006 Legislature and signed into law. AB 1632 directed the California Energy Commission to assess the potential vulnerability of California's large, base load generation facilities, including the two nuclear plants, and to assess the impacts of a major disruption (from an earthquake for example) on system reliability, public safety and the economy. (AB 1632 was codified in the Public Resources Code 25303)

In November, 2008, the United States Geological Survey (USGS) reported to the Nuclear Regulatory Commission (NRC) a previously unknown significant fault close to the Diablo Canyon Power Plant. This new fault, called the Shoreline fault, is the second active fault in the immediate vicinity of the plant – the other being the Hosgri fault. There is also a lower activity fault, the Los Osos fault, located near the plant.

Also in November, 2008, the California Energy Commission issued its AB 1632 report. Included in this report is a recommendation that PG&E use three dimensional (3-D) seismic reflection mapping and other advanced geophysical techniques to "help resolve the uncertainties surrounding the seismic hazard at Diablo Canyon." High resolution 3-D seismic reflection surveys reveal details of geologic structures that relate directly to earthquake potential. The surveys produce detailed images of fault location, size connectivity and sense of movement, which shed light on the potential magnitude of an earthquake.

In November, 2009, PG&E filed the application with the NRC to relicense the Diablo Canyon Power Plant for another 20 years. Their current license expires 2024 for Unit 1 and 2025 for Unit 2.

In April, 2012, PG&E submitted to the Coastal Commission a Coastal Development Permit (CDP) application and subsequently submitted a consistency certification to conduct a 3-D seismic imaging survey in state and federal waters offshore of the Diablo Canyon Power Plant. The project proposed in these initial applications is substantially different than the modified project proposed October 1<sup>st</sup> to the Coastal Commission, which is currently the proposal under consideration. This proposal is a subset of activities permitted by the State Lands Commission on August 20, 2012. Coastal Commission staff is working with PG&E to complete the application and consistency certification for Commission review at its November 2012 meeting.

On May 10, 2012, PG&E requested that the Coastal Commission review their application using the consolidated CDP review process, and the Coastal Commission agreed. Section 30601.3 of the California Coastal Act allows for the Coastal Commission to act upon a consolidated Coastal Development Permit where the local government, the applicant and the Coastal Commission agree and where public participation is not substantially impaired by the review consolidation. The policies of Chapter 3 of the Coastal Act will provide the legal standard of review for the consolidated CDP application. The County's certified Local Coastal Program will be used as guidance for the decision.

#### County of San Luis Obispo Actions

On February 23, 2010, the County Board of Supervisors continued a hearing to March 9, 2010 regarding approval of a letter to be sent from the Board Chair to the NRC requesting that the relicensing application for Diablo Canyon Power Plant be delayed until seismic studies have been completed. This action to continue the item was taken due to the absence of District Two Supervisor Bruce Gibson. Further, the Board directed staff to combine this item with another item also scheduled for March 9<sup>th</sup> regarding the approval of a letter in support of PG&E's application to the California Public Utilities Commission for funding of 3D seismic mapping studies at Diablo Canyon Power Plant. (Note – these were addressed by the Board as two separate items.) This item is attached as Exhibit 2.

On March 9, 2010, the Board approved a letter to be sent from the Board Chair (Mecham) to the NRC requesting

that the relicensing application for Diablo Canyon Power Plant be delayed until seismic studies have been completed. The letter approved by the Board was the letter initially presented to the Board on February 23<sup>rd</sup> (noted above) with the addition of a sentence to the end of the first paragraph to read as follows: "When completed, we urge that these studies be reviewed by a panel of independent experts." This item is attached as Exhibit 3.

Also on March 9<sup>th</sup>, The Board approved a letter of support of PG&E's application to the California Public Utilities Commission (CPUC) seeking funding authorization for the 3-D seismic mapping studies associated with the Diablo Canyon Nuclear Power Plant. The letter was sent from the Board Chair (Mecham), and is also included in Exhibit 3.

On April 12, 2011, the Board approved a letter to be sent from the Board Chair (Hill) to PG&E requesting that the company stay their relicensing efforts for the Diablo Canyon Power Plant until the advanced seismic studies are completed and have been independently reviewed. This item is attached as Exhibit 4.

On September 13, 2011, the Board approved staff's request to file an Intervening motion with the CPUC to add a representative from the County of San Luis Obispo to the Independent Peer Review Panel. The Board directed staff to determine if the County could file this motion independently or if this motion must be included in PG&E's future request to the CPUC for authority to recover costs associated with the seismic studies over and above the \$16.73 million cap that had been approved by the CPUC on August 12, 2010. This item is attached as Exhibit 5.

In November 2011 the County subsequently filed a petition independent of PG&E to add a County representative to the Independent Peer Review Panel and to allow the County to recover its costs for this participation (through the PG&E customer rates cost recovery process). This request was granted on November 30, 2011.

On May 16, 2012, the motion filed by the County as a member of the Independent Peer Review Panel with the CPUC to approve a budget not to exceed \$210,000 to retain a seismic expert on behalf of the Independent Peer Review Panel was granted. The County's agreement with the CPUC limits reimbursement to \$210,000 and covers the cost of three consulting Geophysicists, County Counsel and administrative support.

On August 7, 2012, the Board approved submittal of a letter from the Board of Supervisors to the California State Lands Commission concerning the permit for a high-energy offshore seismic reflection survey as part of the Central Coastal California Seismic Imaging Project (CCCSIP) near Diablo Canyon Power Plant. A permit is required from the California State Lands Commission for the seismic studies.

In this letter the Board:

- Endorsed the 3-D high-energy seismic survey in the area outlined in the PG&E proposal (the large scale is necessary though some reduction in the proposed area may be possible)
- Indicated that issues related to the detailed survey design remain unresolved (specifically the capability of the survey vessel which effects the time required for data collection and thus the impacts on marine life.)
- Acknowledged that while significant environmental impacts will result, all of which cannot be fully mitigated, the public will benefit from the enhanced knowledge of seismic hazards
- Also acknowledged that the seismic survey will have significant economic impacts on ocean-dependent interests in the county and these should be minimized to the greatest extent possible by effective design and executions of the survey
- Called for full and fair compensation for any unavoidable economic impacts to these ocean-dependent interests
- Expressed that the State Lands Commission should only issue a permit for the 3-D high-energy seismic survey if all environmental impacts are understood and mitigated to the maximum extent possible, that all unavoidable economic impacts are fully and fairly compensated, and that the independent third party review by industry-qualified experts confirm that the best available technology is applied.

Attached to this August 7<sup>th</sup> Board item was a June 20, 2012 letter from Supervisor Gibson to the Director of Nuclear Projects at PG&E. This letter raised a key question regarding whether PG&E's proposed seismic survey approach is consistent with state of the art seismic reflection imaging practice. The vessel PG&E proposed to use (owned by the National Science Foundation and operated by Lamont-Doherty Earth Observatory of Columbia University) has less data acquisition capability than most industrial vessels. Industrial vessels are able to obtain

data more efficiently thus requiring less time and resulting in less impact on marine life. Supervisor Gibson requested that PG&E provide justification for their proposed survey parameters and approach. Also attached was a response from PG&E, dated July 13, 2012. A copy of this complete item is attached as Exhibit 6.

The following is a chronology of the key events that have taken place since the August 7, 2012 Board of Supervisors meeting:

On August 20, 2012, the California State Lands Commission certified the Final Environmental Impact Report for the project and approved a permit for the high energy seismic surveys to be conducted by PG&E. The permit approved a limited project that eliminates portions of the originally planned survey area (specifically the northernmost survey area). In addition, the seismic surveys can only be conducted in November and December of 2012 and during the same period in 2013 (if data collection in this second year is needed). November and December are when there are the fewest number of marine mammals off the Central Coast, and this is also a low fish larvae period. Finally, the permitted project included a provision for good faith compensation for fishermen and on-shore businesses affected by the surveys. The survey vessel to be used is as proposed by PG&E (the academic research vessel).

On September 17, 2012, the Chair of the Board of Supervisors (Patterson) sent a letter to the Coastal Commission transmitting the August 7, 2012 letter the Board had previously sent to the California State Lands Commission, reiterating the Board's position regarding the Seismic Imaging Project and the concerns that remain unaddressed.

On September 18, 2012, the CPUC granted PG&E's application for authority to recover an additional \$47.5 million above the \$16.73 million already authorized, through customer rates, for a total of \$64.25 million, to perform additional seismic studies recommended by the California Energy Commission. The CPUC acknowledged that the \$64.25 million cost is an estimate and that actual costs may exceed this current estimate. Should this be the case, the CPUC granted PG&E approval to file an additional request to the CPUC for authorization to recover the additional amount.

On October 10, 2012, at PG&E's request, the Coastal Commission postponed the hearing on the consolidated CDP. This item is now expected to be heard at the Coastal Commission's November meeting as noted above.

The County has set up a web page with links to many of the documents noted in this report as well as other information such as a link to the Coastal Commission, the California State Lands Commission Final Environmental Impact Report, the California Energy Commission AB 1632 report and several links provided by PG&E. This page can be accessed via a link from the County's home page, under the "What's New" information at the top of the page or by clicking on the following link: [http://www.slocounty.ca.gov/admin/Seismic\\_Study\\_Information.htm](http://www.slocounty.ca.gov/admin/Seismic_Study_Information.htm)

### **OTHER AGENCY INVOLVEMENT/IMPACT**

The Administrative Office collaborated with the Planning and Building Department and County Counsel to develop this report. PG&E prepared the attached project description. As noted in the report, the California State Lands Commission recently certified the EIR and approved a permit for the 3-D seismic imaging survey off the coast of the Diablo Canyon Power Plant, and the California Coastal Commission will be considering PG&E's application for a Coastal Development Permit during its November 2012 meeting.

### **FINANCIAL CONSIDERATIONS**

There are no fiscal impacts associated with this specific item. Information on the estimated costs of the seismic studies and the cost of the County's participation in the Independent Review Panel has been noted above for information.

### **RESULTS**

This discussion will provide the public updated information about the PG&E project to conduct 3-D seismic imaging surveys in state and federal waters offshore of the Diablo Canyon Power Plant and an opportunity for public comment on this important community safety issue.

**ATTACHMENTS**

Exhibit 1 - PG&E Updated Expanded Project Description (9/28/12 Revision)

Exhibit 2 - February 23, 2010 Board item - letter to the NRC

Exhibit 3 - March 9, 2010 Board item - letters to the CPUC and to the NRC

Exhibit 4 - April 12, 2011 Board item - letter to PG&E

Exhibit 5 - September 13, 2011 Board item - Intervening motion with the CPUC to add a Representative to the Independent Peer Review Panel

Exhibit 6 - August 7, 2012 County Board of Supervisors item - letter from Supervisor Gibson to the Director of Nuclear Projects at PG&E.