

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

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 4/8/2014	(3) CONTACT/PHONE James Caruso, Senior Planner/805 781-5702	
(4) SUBJECT Study Session #1 for the San Luis Obispo County Renewable Energy Streamlining Program that would allow the County and renewable energy developers to make decisions about the feasibility of new projects in a streamlined and cost efficient fashion. All Districts.			
(5) RECOMMENDED ACTION It is recommended that your Board conduct a study session on the County Renewable Energy Streamlining Program, consider comments from the March 27, 2014 Planning Commission study session, receive public comments, and provide comments as desired on preliminary tasks.			
(6) FUNDING SOURCE(S) California Energy Commission Grant \$638,000	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT { } Consent { } Presentation { } Hearing (Time Est. ___) {X} Board Business (Time Est. <u>60 mins</u>)			
(11) EXECUTED DOCUMENTS { } Resolutions { } Contracts { } Ordinances {X} N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: { } 4/5 Vote Required {X} N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { } N/A Date: <u>4/23/13; 8/8/13</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / James Caruso, Senior Planner

DATE: 4/8/2014

SUBJECT: Study Session #1 for the San Luis Obispo County Renewable Energy Streamlining Program that would allow the County and renewable energy developers to make decisions about the feasibility of new projects in a streamlined and cost efficient fashion. All Districts.

RECOMMENDATION

It is recommended that your Board conduct a study session on the County Renewable Energy Streamlining Program, consider comments from the March 27, 2014 Planning Commission study session, receive public comments, and provide comments as desired on preliminary tasks.

DISCUSSION

Background

This is the first of two study sessions to keep your Board apprised of the progress on the Renewable Energy Streamlining Program (Program) being developed by the County. The Program will encourage and streamline permitting of certain renewable energy projects in the most suitable locations. The Planning Commission conducted a study session on March 27, 2014 to review early progress. County staff will transmit Planning Commission comments verbally to the Board.

Development of the Program will be accomplished through ordinance revisions and updates to policies. The Program will include development of a new Renewable Energy (RE) Combining Designation to identify the locations of the most suitable areas for renewable energy development. The Program will also involve updates to related County codes and procedures, including the Williamson Act Rules of Procedure. Additionally, special attention is being given to streamlining the permitting of on-site renewable energy facilities such as solar and small wind generators on rooftops and parking lots.

The Program will involve preparation of a programmatic environmental impact report (PEIR) that will support streamlining of eligible renewable energy projects in the RE Combining Designation areas. At this time, the Program focuses on the inland area of the county and does not include the Coastal Zone. Stakeholder input and a careful background analysis will guide development of the Program, including consideration of resources, infrastructure, and environmental and other constraints. County staff is currently working with a consultant to develop the Program.

Project Funding

On April 23, 2013, the County Board of Supervisors adopted a resolution supporting submittal of a grant application to the California Energy Commission (CEC) for a Renewable Energy and Conservation Planning Grant to fund mapping, streamlining and environmental analysis of eligible renewable energy projects. The CEC awarded the County \$638,152 for the project. The grant program was originally open to just 15 California counties specifically named in program legislation. Although the County was not originally an eligible jurisdiction for the grant, Assemblyman Achadjian sponsored successful legislation that included the County in the grant program.

No local match is required for this grant. The total CEC award of \$638,152 funds \$527,996 of contracted consultant costs and \$110,156 of staff costs. Following a competitive solicitation process, the County selected the PMC-Aspen consultant team to assist staff with program development through a competitive Request for Proposals process. The Board of Supervisors approved a contract with PMC for this work on August 8, 2013. Due to the requirements of the CEC grant, the County must complete the Program by March 2015.

Project Description

The Program supports the County's adopted General Plan. The Conservation and Open Space Element (COSE) of the General Plan includes policies and programs to designate and protect areas that contain renewable energy resources and to streamline planning and development rules, codes, and processing to encourage renewable energy development. Development of this Program directly implements the following adopted COSE goals and policies:

- The use of local renewable energy resources will be maximized as part of an overall energy portfolio. (COSE Goal E 6)
- Evaluate large-scale commercial solar projects (i.e., over 10 megawatts) to favor technologies that maximize the facility's power production and minimize the physical effects of the project. (COSE Policy E 6.2, Implementation Strategy E 6.2.1)
- Encourage and support the development of solar and wind power and other renewable energy systems as commercial energy enterprises, and ... examine the potential for use of previously disturbed sites such as former mine sites, or disturbed urban areas such as parking lots. (COSE Policy E 6.2, Implementation Strategy E 6.2.3)
- Encourage distributed energy resources to increase the efficiency of the power and transmission system and use of local renewable fuel sources. (COSE Policy E 6.6)
- Designate and protect areas that contain renewable energy resources such as wind, solar, geothermal, and small hydroelectric. (COSE Policy E 6.8)
- Where renewable energy resources have been identified and mapped, renewable energy shall be given high priority while balancing the protection of other environmental resources. (COSE Policy E 6.9)

The Program supports the adopted policy of the County's Land Use and Circulation Element Framework for Planning (Inland), another General Plan element:

- Conserve energy resources by...decreasing reliance on environmentally costly energy sources, increasing conservation efforts and encouraging use of alternative energy sources. (Framework for Planning (Inland), Planning Principles, Policies and Implementing Strategies; Principle 1, Policy 5b)

The Program's revisions to the County's renewable energy regulations also support implementation of the County's EnergyWise Plan (the County's Climate Action Plan), which was adopted by the Board of Supervisors in November 2011. The EnergyWise Plan addresses the challenges of climate change through reductions in local greenhouse gas (GHG) emissions, with an emphasis on improving the energy efficiency of buildings and transportation and expanding renewable energy resources. Strategies in the EnergyWise Plan identify how the County will achieve the GHG emissions reduction target of 15% below baseline levels by the year 2020 that is called for in the COSE (Goal 4 – Air Quality chapter). Included in the EnergyWise Plan is the following goal:

- Increase the production of renewable energy from small-scale and commercial-scale renewable energy installations to account for 10 percent of total local energy use by 2020. (EnergyWise Plan Goal – Renewable Energy)

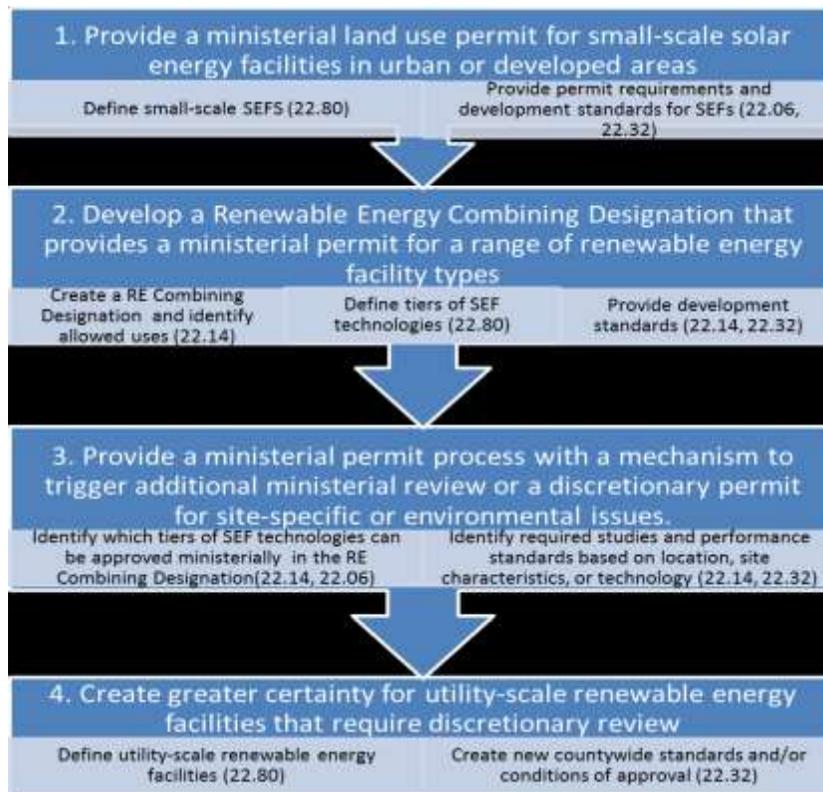
Contents and Scope of the Program

The Program consists primarily of revisions to the inland Land Use Ordinance (LUO, Title 22) for the development of distributed renewable energy resources. Currently, distributed generation includes renewable energy projects that generally produce less than 20 megawatts (MW) of power near the point of use. Distributed energy resources may either be connected to the electric grid or serve on-site uses in stand-alone applications. The focus of the Program is to support distributed solar energy facilities, but may also include updates for other technologies such as wind energy conversion facilities and biomass. Code updates will provide greater certainty for renewable energy development and reduce barriers to permitting appropriate renewable energy technologies.

A new RE (Renewable Energy) Combining Designation will be created in Chapter 22.14 of the LUO (and described in Framework for Planning of the Land Use Element) and will apply to lands where a range of solar energy facilities would be allowed with a ministerial permit. Additional studies will be required based on the presence of site-specific issues or the scale of the renewable energy facility. Discretionary review may be triggered within the RE Combining Designation by larger projects that require additional standards or conditions of approval. Chapter 22.32 (Electric Generating Facilities) will be updated to provide development standards and performance criteria for new "tiers" of renewable energy technologies. New standards in Chapter 22.32 will also provide a countywide ministerial permit and development standards for small-scale solar energy facilities and possibly small wind generators in urban or other developed areas.

The project team is still in preliminary stages of developing revisions to Title 22. Details of the RE Combining Designation, tiers of technology, and appropriate standards are being considered with stakeholders and a working group of County staff. The primary objectives of Program updates under consideration are summarized in **Figure 1**. While the primary focus of the Program is to streamline the review of distributed energy facility systems, updates will also provide greater certainty to larger, utility-scale renewable energy facilities.

Figure 1: Summary of Program Objectives and Primary Title 22 Updates



**All references are to chapters of Title 22.*

Other Updates to County General Plan, Ordinances, Rules, and Procedures

In addition to revisions to Title 22, the Program will include other revisions and updates to the County’s land use framework to remove barriers to development of renewable energy facilities. Other anticipated updates include:

Framework for Planning, Part of I of the Land Use and Circulation Elements, as well as the Official Maps: amendments to establish and map the RE Combining Designation.

- Article 9 and Article 22 of Title 22, Planning Area Standards and Community Area Standards: revisions to remove prohibitions on electricity-generating uses that would otherwise fall within the RE Combining Designation.
- Conservation and Open Space Element: minor updates to goals, policies, and glossary to ensure consistency of renewable energy definitions with new distributed generation and technology definitions in Title 22.
- Williamson Act Rules of Procedure: revisions to allowed uses in Table 2 to allow electric-generating plants (electricity generation).

As part of the streamlining effort, County staff anticipates preparation of a new application package for renewable energy projects to guide applicants through plan review and entitlement. The package will include a checklist for review of environmental impacts as required by the California Environmental Quality Act (CEQA). The PEIR developed for the Program will be used to streamline the review of future renewable energy projects consistent with the Program.

Opportunities and Constraints Technical Study

To identify high opportunity areas for placement of the RE Combining Designation, the project team conducted an Opportunities and Constraints Technical Study (OCTS). The OCTS identifies locations where development of renewable energy resources can most feasibly be streamlined. Key resource and infrastructure requirements for renewable energy development and environmental considerations in the county were reviewed to establish areas in the unincorporated county suitable for renewable energy development.

The Maps in the OCTS depict resource and infrastructure capacity in renewable energy development areas (REDA). REDAs identify unincorporated areas that:

- Capture the County's renewable energy resource potential.
- Have access to the electric transmission/distribution and other infrastructure (e.g., roads, water, etc.).
- Minimize environmental impacts by avoidance of sensitive resources based on a set of environmental factors.

The OCTS identifies that streamlining renewable energy development is likely in just 3% of the unincorporated county, or approximately 54,000 acres. Streamlining renewable energy projects with some level of mitigation is potentially likely in approximately 63% of the unincorporated county, or 1,344,000 acres. The OCTS serves as a basis for subsequent stakeholder input and the identification of areas for the RE Combining Designation. The OCTS is available at <http://www.slocounty.ca.gov/Assets/PL/pdfs/OCTS.pdf>.

Stakeholder Engagement

During the early stages of project development, the project team conducted a series of interviews with 17 key stakeholders from select organizations throughout San Luis Obispo County. The purpose of outreach was to collect feedback on aspects of renewable energy project development, such as appropriate land types for renewable energy projects in the county, design considerations for all types of renewable energy installations, and the role of the County in attracting more renewable energy projects. Stakeholders represented a broad cross-section of interested parties in the county, including renewable energy and agriculture industry leaders, academics, environmental advocates, and other members of the community.

Overall, there was consensus among stakeholders in three primary areas:

- 1) Renewable energy development sites should be limited to urbanized areas or nonviable agriculture land outside of the viewshed, unless specific incentives are provided to farmers for use of viable agriculture land.
- 2) Increasing renewable energy projects in San Luis Obispo County is supported if executed appropriately and with minimal negative impact to the environment or to quality of life.
- 3) Creative, effective, and collaborative project management is vital to the success of renewable projects both externally (between the developer, utilities, commissions, and the County) and internally (among the developer's planning, implementation, and maintenance team).

The project team convened industry stakeholders on February 28, 2014 for a facilitated discussion of the findings of the OCTS and the stakeholder interviews. The project team will continue discussions with stakeholders, email updates to key stakeholders, and presentations to County decision makers and advisory groups.

The Department maintains a webpage for the project (<http://www.slocounty.ca.gov/planning/RESP.htm>) and provides project updates and materials for review.

Next Steps to Develop Program

County staff will continue to use public and stakeholder input to identify the RE Combining Designation and prepare the draft Program. The project team will distribute a Notice of Preparation of the PEIR this spring, following preparation of a project description and draft identification of the Program. County staff will return to the Planning Commission and Board of Supervisors with the draft Program and draft PEIR in a future study session before the start of public hearings for Program adoption in late 2014.

OTHER AGENCY INVOLVEMENT/IMPACT

The Department of Planning and Building has primary responsibility for the grant program and will conduct the bulk of the work with consultant assistance. The Department will work closely with the County's Energy Community of Interest (COI), Energy Executive Steering Committee and the Agriculture Department.

FINANCIAL CONSIDERATIONS

No local match is required for this grant. In addition, the total amount of the grant covers both County staff costs and consultant costs. The total CEC award of \$638,152 funds \$527,996 of contracted consultant costs and \$110,156 of staff costs. This is a reimbursable grant that will require the County to expend project funds up-front and invoice for reimbursement from the CEC.

RESULTS

This grant will enable the adoption of streamlined County policies, regulations and processes that encourage renewable energy development, in particular, small to mid-scale solar and wind energy projects consistent with the Community-wide Results of a Healthy, Livable and Prosperous Community. The proposal will also be of use as a pilot to other county land use jurisdictions that may wish to streamline renewable energy development.