

**CALENDAR ITEM
C55**

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J. DeLeon

**CONSIDER AUTHORIZING THE EXECUTIVE OFFICER AND/OR HER DESIGNEE
TO SIGN A MEMORANDUM OF UNDERSTANDING AMONG THE CALIFORNIA
NATURAL RESOURCES AGENCY AND AGENCY MEMBERS COMPRISING THE
MARINE RENEWABLE ENERGY WORKING GROUP REGARDING A COST SHARE
COMMITMENT RELATED TO A MARINE RENEWABLE ENERGY FEASIBILITY
GRANT FROM THE U.S. DEPARTMENT OF ENERGY**

BACKGROUND:

The California Ocean Protection Council (OPC) convened the Marine Renewable Energy Working Group (Working Group) in 2010. The Working Group is chaired by the OPC and is comprised of staff from the California State Lands Commission (Commission), California Coastal Commission (CCC), California Department of Fish and Wildlife (CDFW), California Energy Commission (CEC), and the California Public Utilities Commission (CPUC). The goals of the Working Group are to:

- 1) Address uncertainties in the regulatory process for marine renewable projects in California;
- 2) Address the information needs of state agencies and stakeholders to inform potential impacts and user conflicts with marine renewable energy projects; and
- 3) Facilitate the development of agreements and joint state-federal committees to improve coordination of state and federal permitting processes.

The Commission, as the steward of public trust tidelands and submerged lands, will play an important role in exploring the potential for development of emerging renewable technologies in State waters. Development of offshore renewable energy has the potential to contribute significantly to the State's goal of producing at least 50 percent of California's electrical needs with renewable energy sources by 2030, as established under the Clean Energy and Pollution Reduction Act (Chapter 547, Statutes of 2015). In addition, participation in the research, planning, and development of environmentally responsible renewable energy would help meet the objectives set forth in Governor Brown's Climate Adaptation Executive Order B-30-15 and would contribute to the policies and goals contained in the State of California's final "Safeguarding California: Reducing

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Climate Risk, an Update to the 2009 California Climate Adaptation Strategy” (Safeguarding Plan), which was adopted on July 31, 2014.

In response to the growing interest in developing and deploying marine renewable energy technologies in the United States, the U.S. Department of Energy (DOE) announced a series of grant funding opportunities it would make available to facilitate the feasibility research and development of wave energy technologies in the United States via the establishment of a testing center where manufacturers could pilot devices in a marine setting. Cal Poly Corporation (California Polytechnic State University, San Luis Obispo), within the Cal Poly Institute for Advanced Technology and Public Policy, received a \$750,000 grant from DOE in June 2014 to assess the feasibility of siting a National Wave Energy Test Facility in federal waters offshore California (CalWavesm); and has been selected by DOE to receive an additional \$1.5 million to extend the first grant’s work to include more detailed study of engineering, environmental baseline, biological resource evaluations, permitting requirements, and stakeholder involvement activities. In addition to the DOE grant, Cal Poly Corporation has commitments for \$375,000 of cost share matching funds, for a total of a \$1.875 million, including \$125,000 from the California Natural Resources Agency in the form of a combined three-fourths personnel year equivalent over the course of 12 months.

The proposed Memorandum of Understanding (MOU) would provide a framework for the Commission to coordinate the Working Group agencies to carry out the cost sharing commitment, including endeavoring to spread the costs of the three-fourths personnel year equivalent proportionally among participating Working Group staffs and establishing a tracking process for staff time. The scope of work described in the MOU includes: (1) establishing a detailed permitting roadmap, building upon the Working Group’s document [California Permitting Guidance for Ocean Renewable Energy Test and Pilot Projects \(2011\)](#), (2) identifying agency contacts, (3) identifying resource needs, time constraints, and appropriate levels of agency engagement (i.e., lead vs. collaboration), and (4) identifying any legal constraints or opportunities.

OTHER PERTINENT INFORMATION:

1. This proposed action is consistent with the Commission’s 2016-2020 Strategic Plan, Strategy 2.1 – Optimize returns for the responsible development and use of State lands and resources, both onshore and offshore, Key Action 2.1.3 – Identify sovereign and school lands resources that have renewable energy or other development potential or are suitable for mitigation purposes.
2. The authorization to enter into a Memorandum of Understanding is not a project as defined by the California Environmental Quality Act (CEQA)

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because it is an administrative action that will not result in direct or indirect physical changes in the environment.

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

EXHIBITS:

- A. California Natural Resources Agency May 28, 2015 Letter
- B. Proposed Memorandum of Understanding

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Authorize the Executive Officer or her designee to execute a Memorandum of Understanding among the California Natural Resources Agency and the agency members comprising the Marine Renewable Energy Working Group, substantially in the form of the MOU in Exhibit B, to provide a combined three-fourths personnel year equivalent over the course of 12 months to the Cal Poly Corporation (California Polytechnic State University, San Luis Obispo) as a cost share commitment related to a marine renewable energy feasibility grant from the U.S. Department of Energy.

May 28, 2015

Ms. Amy Velasco
Cal Poly Corporation
1 Grand Ave.
San Luis Obispo, CA 93407

Dear Ms. Velasco,

The California Natural Resources Agency is pleased to offer this letter of commitment for the subject Cal Poly Corporation proposal to the U.S. Department of Energy, Energy Efficiency and Renewable Energy.

As a state cabinet-level agency and through its 25 departments, conservancies, commissions, and councils, the Natural Resources Agency is responsible for restoring, protecting and managing the state's natural, historical and cultural resources for current and future generations using creative approaches and solutions based on science, collaboration and respect for all the communities and interests involved. The Natural Resources Agency fulfills its mission, in part, through advancing renewable energy sources to reduce greenhouse gas emissions and decrease California's dependence on fossil fuel and foreign oil.

In 2010, California's Ocean Protection Council (OPC) convened the California Marine Renewable Energy Working Group, an interagency group chaired by OPC staff and comprised of staff from the California State Lands Commission, California Coastal Commission, California Department of Fish and Wildlife, California Energy Commission, and California Public Utilities Commission. The goals of the Working Group are to:

- Address uncertainties in the regulatory processes for marine renewable energy projects in California;
- Address the information needs of state agencies and stakeholders to inform potential impacts and user conflicts with marine renewable energy projects; and
- Facilitate the development of agreements and joint state-federal committees to improve coordination of state and federal permitting processes.

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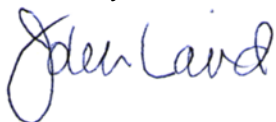
Subject to the conditions set forth in this letter, the Natural Resources Agency, through the work of the Ocean Protection Council and in partnership with the California Marine Renewable Energy Working Group, would be pleased to work with Cal Poly Corporation on this important proposal.

Specifically, the OPC, in partnership with the California Marine Renewable Energy Working Group, would be able to provide cost share in the form of a three-fourths time dedicated position over the course of 12 months. This equates to a total cost share of approximately \$125,000. The OPC, in partnership with the members of the California Marine Renewable Energy Group, would endeavor to spread the costs of the dedicated three-fourths position proportionally among the relevant member agencies. The scope of work would include establishing a detailed permitting roadmap, including identifying agency contacts, resource needs, time constraints, and appropriate levels of agency engagement (i.e. lead vs. collaboration). Additionally, the scope of work may include identifying any legal constraints or opportunities.

Nothing in this letter should be construed as providing project endorsement or approval by the Natural Resources Agency, the OPC, or any of the members of the California Marine Renewable Energy Working Group, nor shall this letter be construed as creating any legally binding obligations on behalf of any of the identified agencies or the State of California. Additionally, any work conducted by the Natural Resources Agency, the OPC, or any of the member agencies of the California Marine Renewable Energy Working Group, shall not be construed as project endorsement or approval.

The Natural Resources Agency looks forward to participating with Cal Poly Corporation on this effort.

Sincerely,



John Laird
Secretary for Natural Resources

EXHIBIT B

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MOU) is entered into by and among the California Natural Resources Agency (CNRA) and the agency members comprising the Marine Renewable Energy Working Group (individually as “Agency” and collectively as “Agencies”) with respect to the following:

RECITALS

WHEREAS, California’s Clean Energy and Pollution Reduction Act (Chapter 547, Statutes of 2015) establishes a State policy goal of producing at least 50 percent of California's electrical needs with renewable energy sources by 2030. The renewable portfolio standard energy projects, including wind, wave, tidal, ocean current (hydrokinetic), solar, and geothermal will or may also contribute to achieving the State's climate change goals set in AB 32 (2006) of reducing greenhouse gases to 1990 levels by 2020 and 80 percent below 1990 emissions levels by 2050, and help meet the objectives set forth in Governor Brown’s Climate Adaptation Executive Order B-30-15.

WHEREAS, these policies make the success and expansion of renewable portfolio standard energy generation a key priority for California's economic and environmental future.

WHEREAS, marine renewable energy, including wave, tidal, ocean current (hydrokinetic), and offshore wind energy, has the potential to meet a significant portion of California’s renewable portfolio standards and energy demand.

WHEREAS, in 2010, the California Ocean Protection Council (OPC) convened the California Marine Renewable Energy Working Group (Working Group), an interagency group chaired by OPC staff and comprised of staff from the State Lands Commission (SLC), California Coastal Commission (CCC), California Department of Fish and Wildlife (CDFW), California Energy Commission (CEC), and the California Public Utilities Commission (CPUC).

WHEREAS, the goals of the Working Group are to: 1) address uncertainties in the regulatory process for marine renewable projects in California; 2) address the information needs of state agencies and stakeholders to inform potential impacts and user conflicts with marine renewable energy projects; and 3) facilitate the development of agreements and joint state-federal committees to improve coordination of state and federal permitting processes.

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WHEREAS, the Cal Poly Corporation (California Polytechnic State University, San Luis Obispo) received a \$750,000 grant from the U.S. Department of Energy (DOE) in June 2014 to assess the feasibility of siting the planned National Wave Energy Test Facility in federal waters offshore California (CalWavesm); and has been selected by DOE to receive an additional \$1.5 million grant to extend the first grant's work to include more detailed study of engineering, permitting and stakeholder involvement activities.

WHEREAS, pursuant to the May 28, 2015, letter to the Cal Poly Corporation (Exhibit A), the OPC, in partnership with the Working Group, agreed to provide cost share in the form of a three-fourths time dedicated position over the course of 12 months.

WHEREAS, it is the Agencies' desire to enter into this MOU to formalize the interagency coordination and cost sharing committed to pursuant to the May 28, 2015 letter.

NOW, THEREFORE, in consideration of the mutual benefits and representations made herein, the Agencies hereby agree as follows:

1. The SLC will be the lead coordinating agency in this effort, working primarily through the established Working Group.
2. The Agencies will seek to spread the costs of the dedicated three-fourths position proportionally among relevant Working Group member agencies, as follows: one-quarter position by SLC, one-sixth position by CNRA/OPC, and one-third position split among the remaining signatory agencies.
3. The scope of work will include establishing a detailed permitting roadmap, building upon the Working Group's document [California Permitting Guidance for Ocean Renewable Energy Test and Pilot Projects \(2011\)](#), including identifying agency contacts, resource needs, time constraints, and appropriate levels of agency engagement (i.e., lead vs. collaboration). Additionally the scope of work will also include identifying any legal constraints or opportunities.
4. Agencies agree to use their best efforts to participate in the cost sharing proportional to their authority and jurisdiction, subject to Agency priorities and appropriations.
5. In the event an Agency is not able to meet their proportional cost share responsibility or does not participate in the MOU as a signatory, the SLC agrees to cover that Agency's responsibility through the additional commitment of staff resources up to the equivalent of the three-fourths position.

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6. The Agencies agree to establish an internal accounting process to track the staff time dedicated to the efforts associated with the purpose of this MOU. SLC shall maintain those records for cost share to ensure compliance with grant provisions.
7. This MOU may be amended in writing in the same manner the MOU was entered.
8. This MOU shall take effect on the date that it has been executed by at least CNRA, OPC, and SLC.
9. If during the term of this MOU any new agency desires to participate, it may be included by either adding a new signatory on the signature page or by signing in counterpart, without further amendment.
10. Nothing in this MOU should be construed as providing project endorsement or approval by the Agencies, nor shall this MOU be construed as creating any legally binding obligations on behalf of any of the identified agencies or the State of California. Additionally, any work conducted by the Agencies shall not be construed as project endorsement or approval.

California Natural Resources Agency

John Laird
Secretary for Natural Resources

California Ocean Protection Council

Deborah Halberstadt
Executive Director

California State Lands Commission

Jennifer Lucchesi
Executive Officer

California Coastal Commission

John Ainsworth
Acting Executive Director

EXHIBIT B

California Department of Fish
and Wildlife

Craig Shuman
Regional Manager

California Energy Commission

[Name]
[Title]

California Public Utilities
Commission

[Name]
[Title]

DRAFT