

**CALENDAR ITEM
C31**

A
) Statewide
S

12/17/09
Bid Log 2009-06
W26338, R21108
S. Young, Steven Mindt
A. Abeleda, D. Brown

**REQUEST AUTHORITY FOR THE EXECUTIVE OFFICER
TO SOLICIT STATEMENTS OF INTEREST FOR CONSULTANT SERVICES,
NEGOTIATE FAIR AND REASONABLE PRICE, AWARD AND EXECUTE
AGREEMENTS FOR PREPARATION OF ENVIRONMENTAL DOCUMENTATION
AND MITIGATION MONITORING FOR THE PROPOSED HYDROKINETIC PILOT
PROJECT BY PACIFIC GAS AND ELECTRIC COMPANY NEAR EUREKA,
HUMBOLDT COUNTY, CALIFORNIA**

PARTY:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825-8202

BACKGROUND:

Pacific Gas and Electric Company (PG&E) is a wholly owned subsidiary of Pacific Gas & Electric Corporation. PG&E is a regulated utility that provides natural gas and electricity to much of northern California.

The State of California's Renewable Portfolio Standard requires that PG&E increase the percentage of electrical power that it provides to its customers from renewable and carbon-free energy sources. Because of this, and because PG&E recognizes that its service territory includes nearly 600 miles of coastline that may hold a significant and currently undeveloped renewable energy resource, PG&E is proposing to sponsor a project to test the feasibility of harnessing the energy of ocean waves to generate renewable energy in northern California. This project, the Humboldt WaveConnect Project, is proposed for a location near Eureka, Humboldt County. WaveConnect is funded jointly by the California Public Utilities Commission Emerging Renewable Resources Program and the United States Department of Energy.

PG&E is seeking a license from the Federal Energy Regulatory Commission (FERC) to install a testing facility as a hydrokinetic pilot project under FERC's pilot project licensing procedures. These procedures limit the nominal generating capacity of the project to 5 megawatts (MW) and license term to five years, after which the project must be

CALENDAR ITEM NO **C31** (CONT'D)

decommissioned. This action will require a National Environmental Protection Act (NEPA) determination.

Working with a group of 50 local stakeholders, PG&E has selected a wave energy project siting area that is between 2.5 and 3.0 nautical miles (nm) from the shore of the Samoa Peninsula in Humboldt County. The siting area is 2.0 nm long by 0.5 nm wide.

WaveConnect consists of: (1) wave energy converters (WECs) including multi-point catenary moorings and anchors; (2) marker buoys, navigation lights, and environmental monitoring instruments; (3) subsea electrical cables extending on-shore to (4) land-based power conditioning equipment; (5) an above-ground transmission line and interconnection to the electrical grid; (6) data acquisition and telemetry equipment; and (7) security and safety equipment.

PG&E will obtain permits for the entire project and design and construct the electrical transmission and grid interconnection components. PG&E will select three or four manufacturers who will be invited to install WEC arrays at WaveConnect to demonstrate their technologies. PG&E has received formal indications of interest from 14 WEC manufacturers and will soon issue a Request for Proposals, leading to the final selection of the participants.

WEC types that may be installed include point absorber buoys, attenuator buoys, and floating oscillating water column platforms. There will be no more than 30 individual WECs that use multi-point catenary moorings, and no more than five buried subsea cables.

The FERC hydrokinetic pilot project licensing procedures are designed for the testing of hydrokinetic technologies in small installations in non-sensitive locations and for identification of environmental conditions during construction and operation and adaptive management of environmental effects. WaveConnect will require a lease of sovereign state lands from the California State Lands Commission (CSLC) for the wave energy project site and subsea cabling routes.

PROPOSED ACTIVITY:

PG&E is requesting the issuance of five-year leases from the California State Lands Commission for the wave energy project site and subsea cabling routes.

From the information that PG&E has provided, in consultation with the other California Responsible and/or Trustee agencies for the whole project, and in accordance with the California Code of Regulations Title 14, Chapter 3, §15000 et seq., the CSLC has determined to act as the Lead Agency for the whole action of the Proposed Project under the California Environmental Quality Act (CEQA).

CALENDAR ITEM NO **C31** (CONT'D)

Consideration of this proposed project will require environmental documentation, and possibly monitoring, in accordance with the CEQA and the National Environmental Protection Act (NEPA). The consultant will produce a single environmental document, prepared in cooperation with the FERC that will satisfy both CEQA and NEPA requirements. The Executive Officer requests delegation of authority to engage a consultant for this purpose. Consultant selection shall be conducted in accordance with the procedures as specified in CSLC Regulations and in the State Contract Manual, on the basis of demonstrated competence and qualifications for the types of services to be performed, and at a fair and reasonable price. All costs shall be recovered from the project applicant.

The environmental documentation will address potential impacts to sensitive habitat of state- and federally-listed species, cultural resources, and potential impacts from other proposed project activities. For sensitive areas which cannot be avoided, the environmental documentation will provide measures to reduce impacts as much as possible. The CSLC may recommend that a monitoring plan with appropriate guidelines be adopted to ensure that any proposed mitigations measures would be accomplished.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

2. Approval of this item by the Commission does not constitute approval of the proposed lease; it only authorizes consultant contracts for environmental review.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section 6106 (Delegation to execute written instruments)
- B. State Contracts Manual Section 11.00 A & E method (rev. 10/05)
- C. Public Contract Code Section 6106
- D. Government Code Section 4526
- E. California Administrative Code Title 2 Article 13 Section 2980.0 - 2990.0
- F. Government Code Section 19130

CALENDAR ITEM NO **C31** (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.
2. FIND THAT THE SERVICES ARE OF LIMITED DURATION AND ARE OF SUCH URGENT, TEMPORARY AND OCCASIONAL NATURE THAT THE DELAY IN THEIR IMPLEMENTATION UNDER CIVIL SERVICE WOULD FRUSTRATE THEIR VERY PURPOSE AS SPECIFIED IN GOVERNMENT CODE SECTION 19130 (b) (10).
3. FIND THAT THE SELECTION OF CONSULTANTS UNDER THIS PROCESS DOES NOT AFFECT SMALL BUSINESSES AS DEFINED IN GOVERNMENT CODE SECTION 11342.610, BECAUSE THEY WILL BE ACCORDED EQUAL OPPORTUNITY TO SUBMIT STATEMENTS OF QUALIFICATIONS AND PERFORMANCE DATA.
4. FIND THAT THE SELECTION OF CONSULTANTS UNDER THIS PROCESS FOR PROFESSIONAL SERVICES OF ARCHITECTURAL, LANDSCAPE ARCHITECTURAL, ENGINEERING, ENVIRONMENTAL, LAND SURVEYING OR CONSTRUCTION PROJECT MANAGEMENT SERVICES WILL BE CONSISTENT WITH PROCEDURES AND POLICIES ADOPTED BY THE COMMISSION AS SPECIFIED IN GOVERNMENT CODE SECTION 4526 AND TITLE 2, CALIFORNIA CODE OF REGULATIONS 2980 –2980.9.
5. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO SOLICIT STATEMENTS OF INTEREST, NEGOTIATE A FAIR AND REASONABLE PRICE, AWARD AND EXECUTE CONTRACTS FOR ENVIRONMENTAL DOCUMENTATION AND MITIGATION MONITORING IN ACCORDANCE WITH STATE POLICIES AND PROCEDURES.
6. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO ENTER INTO AN AGREEMENT WITH PROJECT APPLICANT TO RECOVER COSTS INCURRED IN THE CONSIDERATION OF THIS PROJECT.