

**CALENDAR ITEM
C35**

A	Statewide	02/08/11 J. Dye
S	Statewide	J. Porter

**CONSIDER APPROVAL OF MEMORANDUM OF UNDERSTANDING WITH VARIOUS
STATE AGENCIES TO FACILITATE COOPERATION IN DEVELOPING
RENEWABLE ENERGY OPPORTUNITIES**

PARTIES: California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5504

Department of General Services
Real Estate Services Division
707 3rd Street, 8th Floor
West Sacramento, California 95605

Department of Water Resources
P.O. Box 942836
Sacramento, CA 94236

Department of Transportation
P.O. Box 942873
Sacramento, CA 94273-0001

Department of Fish and Game
1416 9th Street, 12th Floor
Sacramento, CA 95814

Department of Corrections and Rehabilitation
Facility Planning, Construction and Management
Energy and Sustainability Section
P.O. Box 942883
Sacramento CA, 94283-0001

California State Lands Commission
100 Howe Ave., Suite 100-South
Sacramento, CA 95825

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BACKGROUND

Staff of the California State Lands Commission (Commission) has recently participated in several *ad hoc* meetings with other State agencies that manage state-owned property to discuss how to address at least three of the State's critical needs: 1) development of renewable energy projects to help meet California's clean energy goals; 2) job creation; and 3) generation of revenue. Other participating agencies include the California Department of General Services (DGS), the California Department of Water Resources (DWR), the California Department of Transportation (CALTRANS), the California Department of Fish and Game (DFG), the California Department of Corrections and Rehabilitation (CDCR) and the California Energy Resources Conservation and Development Commission (ENERGY COMMISSION).

The general consensus among the agencies is that developers may be more inclined to undertake renewable energy projects if available properties are offered together in one or more combined bid packages rather than operating on an individual or piecemeal basis. A combined package of biddable properties would enable developers to achieve economies of scale for both construction of facilities and marketing of energy generated. A combined bid package would also benefit the State to the extent that it would create an auction market for development on multiple state-owned properties and streamline administrative costs.

In December 2010, the other agencies executed a Memorandum of Understanding (MOU) that highlights the reasons for promoting renewable energy development on state-owned property, and identifies the ENERGY COMMISSION as the lead coordinating agency. The Commission has been invited to sign the MOU as well, which must be signed as is without amendment. The main purpose of the MOU is to outline a general procedure whereby the signatory agencies can coordinate with each other to develop one or more statewide solicitations to facilitate renewable energy development. To accommodate the Commission's public meeting schedule and requirements, the MOU provides that any additional agency may participate in the MOU by adding a new signatory to the signature page. The MOU does not obligate any agency to expend any funds and stipulates that all commitments are subject to each agency's budget priorities.

Ancillary to the MOU, an inventory of public property is currently being coordinated by the ENERGY COMMISSION to identify properties that are optimally situated for renewable energy development. Staff has been invited to include property under the jurisdiction of the Commission in this inventory.

Participating in the proposed MOU will provide a framework for Commission staff and other State agencies that manage state-owned property to coordinate one or more such statewide solicitations for the development of renewable energy on State land. Participation in the MOU would not obligate the Commission to make any particular

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lands available in a group solicitation; it would simply provide the opportunity to participate in discussions to that possible end. Staff has analyzed the MOU and has concluded that participation in the MOU will be in the best interests of the Commission.

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 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. Representatives of each of the above-referenced agencies have already executed the MOU in counterparts, the original of which is kept on file by ENERGY COMMISSION staff. Upon Commission approval of this item, the Commission's Executive Officer will execute a signatory page which will be sent to the ENERGY COMMISSION, with a copy to each of the other signatory agencies.

PERMIT STREAMLINING ACT:

N/A

EXHIBITS:

- A. Memorandum of Understanding titled "Renewable Energy Opportunities," entered into by the California Department of General Services (DGS), the California Department of Water Resources (DWR), the California Department of Transportation (CALTRANS), the California Department of Fish and Game (DFG), the California Department of Corrections and Rehabilitation (CDCR) and the California Energy Resources Conservation and Development Commission (ENERGY COMMISSION).

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF 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.

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2. AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE MEMORANDUM OF UNDERSTANDING ATTACHED AS EXHIBIT A, TITLED "RENEWABLE ENERGY OPPORTUNITIES."

EXHIBIT A
MEMORANDUM OF UNDERSTANDING

RENEWABLE ENERGY OPPORTUNITIES

This Memorandum of Understanding (MOU) is entered into by and among the California Department of General Services (DGS), the California Department of Water Resources (DWR), the California Department of Transportation (CALTRANS), the California Department of Fish and Game (DFG), the California Department of Corrections and Rehabilitation (CDCR) and the California Energy Resources Conservation and Development Commission (ENERGY COMMISSION) (individually as “Agency” and collectively as “Agencies”) with respect to the following:

RECITALS

WHEREAS, the State of California is a world leader in efforts to reduce global warming and greenhouse gas emissions, increase renewable energy production, promote energy efficiency, energy conservation, clean air and emission controls, expand the use of low carbon, alternative fuels and promote and commercialize new technologies and industries; and

WHEREAS, California's high standards and ambitious goals have resulted in California leading the nation in renewable energy innovation, receiving more investment funding in clean technology than anywhere else in the United States, and accounting for 44 percent of all U.S. patents in solar technologies and 37 percent of all U.S. patents in wind technologies; and

WHEREAS, producing electricity from renewable resources provides multiple and significant benefits to California's environment and economy, including improving local air quality and reducing global warming pollution, diversifying energy supply, improving energy security, enhancing economic development, and creating jobs; and

WHEREAS, California has some of the best renewable energy resource areas in the world, providing immense potential for clean, valuable electricity generation in the state, and the development of these resources must be accelerated; and

WHEREAS, substantially increased development of renewable electricity sources, energy efficiency and demand response is needed to meet the greenhouse gas reduction goal of 1990 levels by 2020 and 80 percent below 1990 emissions levels by 2050, making the success and expansion of renewables a key priority for California's economic and environmental future; and

WHEREAS, fostering greater and more timely renewable energy development means the Agencies should establish a more cohesive and integrated statewide strategy, including greater coordination and streamlining of the siting, permitting, and procurement processes for renewable generation, improving the manner in which the state develops its transmission infrastructure, and encouraging technically and economically feasible distributed renewable energy opportunities; and

WHEREAS, the Governor's Executive Order S-14-08 established a state policy goal adopted by the California Air Resources Board as the Renewable Electricity Standard, which requires Utilities to meet 33 percent of California's electrical needs with renewable energy sources, hereinafter referred to as "Energy Generating Infrastructure", including wind, solar, and geothermal by 2020; and

WHEREAS, the President and Congress have intensified the need for accelerated development of renewable energy projects in California with the passing of the American Recovery and Reinvestment Act of 2009 (ARRA); and

WHEREAS, due to continuing weak performance in the California economy and other factors, there is a multi-billion dollar General Fund deficit; and

WHEREAS, the State must find alternative ways to reduce expenditures and alternative means of additional revenue streams; and

WHEREAS, the Agencies desire to enter into this MOU voluntarily to: 1) Set forth their intent to further implement the Governor's Executive Order S-14-08 and the 33 percent Renewable Electricity Standard; 2) Cooperate in identifying potential locations for Energy Generation Infrastructure within the State-owned right of way or on State-owned facilities; 3) Establish expectations, roles and responsibilities of the Agencies regarding the development and implementation of Energy Generation Infrastructure.

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

1. The ENERGY COMMISSION will be the lead coordinating agency in this effort. Each Agency will provide at least one representative to serve as a primary point of contact and to attend meetings.
2. Agencies will seek to meet at regular intervals, or as otherwise requested by the ENERGY COMMISSION.
3. Agencies mutually agree to perform, or cause to perform, all work related to the study, planning, development and implementation of Energy Generating Infrastructure in accordance with federal and state laws.

4. Agencies agree to develop procurement strategies to be utilized, including contractual language and arrangements in order to maintain consistency.
5. Agencies with authority to site Energy Generating Infrastructure on the property or right of ways they own or occupy may develop and issue guidelines regarding the design and placement of such Energy Generating Infrastructure on their property or right of ways to the extent authorized by statute and consistent with the Agency's mission and the Agencies' collective procurement strategies.
6. Agencies with authority to site Energy Generating Infrastructure on the property or right of ways they own or occupy shall coordinate with each other on the development of one or more statewide solicitations to facilitate the development and implementation of such Energy Generation Infrastructure on their property or right of ways.
7. Agencies mutually agree to share, to the extent permissible by law, all public information required to prepare and submit documents required for the study, planning, development and implementation of Energy Generating Infrastructure.
8. Each Agency will acknowledge the contributions of the other Agencies as appropriate in publications and press releases.
9. This MOU may be amended in writing in the same manner the MOU was entered.
10. This MOU in no way restricts the Agencies from participating in any activity with other public or private agencies, organizations, or individuals.
11. All commitments made in this MOU are subject to the availability of appropriated funds and each Agency's budget priorities. This MOU is neither a binding fiscal nor funds obligation document. Nothing in this MOU authorizes or is intended to obligate the Agencies to expend, exchange, or reimburse funds, services, or supplies, or transfer or receive anything of value, or to enter into any contract, interagency agreement, or other financial obligation. Any endeavor involving reimbursement or contribution of funds between the Agencies will be handled in accordance with applicable contracting requirements under separate agreements. All travel expenses by personnel from each Agency shall be the sole responsibility of the Agency.
12. Each of the persons signing below on behalf of an Agency represents and warrants that they are authorized to sign this MOU on behalf of such Agency.

13. This MOU shall take effect on the date that it has been executed by all the Agencies and shall continue in effect until June 30, 2014, unless terminated earlier or extended by agreement of all Agencies by amendment to the MOU.
14. If during the term of this MOU, any new agency desired to participate will be included by adding a new signatory in signature page without further amendment.

CALIFORNIA DEPARTMENT OF
TRANSPORTATION

CINDY McKIM

Director of Transportation

By: _____

Date: _____

CALIFORNIA ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT
COMMISSION

MELISSA JONES

Director of Energy Resources Conservation &
Development Commission

By: _____

Date: _____

CALIFORNIA DEPARTMENT OF
GENERAL SERVICES

RON DIEDRICH (Acting)

Director of General Services

By: _____

Date: _____

CALIFORNIA DEPARTMENT OF
WATER RESOURCES

MARK COWIN

Director of Water Resources

By: _____

Date: _____

CALIFORNIA DEPARTMENT OF
CORRECTIONS AND REHABILITATION

MATTHEW L. CATE

Secretary

By: _____

Date: _____

CALIFORNIA DEPARTMENT OF
FISH AND GAME

JOHN McCAMMAN

Director of Fish & Game

By: _____

Date: _____

CALIFORNIA STATE LANDS
COMMISSION

CURTIS FOSSUM

Executive Officer

By: _____

Date: _____