### Diablo Canyon Decommissioning Engagement Panel Meeting

**Date/Time:** August 25, 2021; 6:00 PM – 9:30 PM  
**Facilitator:** Chuck Anders

**Meeting Location:** Zoom Online Meeting  
**Recorder:** McDaniel Reporting  
AGP Video

**Video Stream:** Charter Channel 21 and Online Streaming

**Online Zoom Meeting:** [https://us02web.zoom.us/webinar/register/WN_3fjwy1gcRJe0eGpIY0Emw](https://us02web.zoom.us/webinar/register/WN_3fjwy1gcRJe0eGpIY0Emw)

**Desired Outcome:** Understand the preliminary CPUC ruling on the 2018 NDCTP, receive information regarding the implications of the ruling; receive an update on Parcel P repurposing activities and receive formal public comment.

### AGENDA

<table>
<thead>
<tr>
<th>Item #</th>
<th>What – Content</th>
<th>Action Path</th>
<th>Who</th>
<th>Target Start Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Panel Meeting Start</td>
<td></td>
<td>All</td>
<td>6:00</td>
</tr>
<tr>
<td>2.</td>
<td>Welcome and Meeting Overview</td>
<td>Inform</td>
<td>Bill Almas</td>
<td>6:05 (5)</td>
</tr>
<tr>
<td>3.</td>
<td>Virtual Safety Briefing</td>
<td>Inform</td>
<td>Dr. Tim Auran</td>
<td>6:10 (5)</td>
</tr>
<tr>
<td>4.</td>
<td>Review Meeting Agenda</td>
<td>Inform</td>
<td>Chuck Anders (Facilitator)</td>
<td>6:15 (40)</td>
</tr>
<tr>
<td>5.</td>
<td>Explanation of CPUC Proposed Decision on the 2018 NDCTP</td>
<td>Inform</td>
<td>Tom Jones</td>
<td>6:55 (85)</td>
</tr>
<tr>
<td></td>
<td>• Background of PG&amp;E Application</td>
<td>Discuss</td>
<td>Megan Somogyi</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Explanation of Proposed CPUC Ruling</td>
<td></td>
<td>Maureen Zawalick</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• PG&amp;E’s Response to the CPUC Proposed Ruling</td>
<td></td>
<td>Panel</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Update on Repurposing at Diablo Canyon</td>
<td>Inform</td>
<td>Tom Jones</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Introduction to Repurposing Process</td>
<td>Discuss</td>
<td>Comm. Karen Douglas</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Offshore Wind Energy Opportunities – CA Energy Commission</td>
<td></td>
<td>Panel</td>
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</tr>
<tr>
<td></td>
<td>Q&amp;A/Panel Discussion</td>
<td></td>
<td>Richard Gollis</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• PG&amp;E Real Estate Consultant Overview</td>
<td></td>
<td>Larry Kramer</td>
<td></td>
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<tr>
<td></td>
<td>• Desalination Opportunities</td>
<td></td>
<td>Panel</td>
<td></td>
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<tr>
<td>7.</td>
<td>Break</td>
<td></td>
<td></td>
<td>8:20 (10)</td>
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<tr>
<td>8.</td>
<td>Public Comment</td>
<td>Present</td>
<td>All</td>
<td>8:30 (40)</td>
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<tr>
<td>9.</td>
<td>PG&amp;E Update</td>
<td>Inform</td>
<td>PG&amp;E</td>
<td>9:10 (15)</td>
</tr>
<tr>
<td></td>
<td>• Decommissioning Planning Process Update</td>
<td>Discuss</td>
<td></td>
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<tr>
<td></td>
<td>• Lands – 1,200 Acre Deed Restriction</td>
<td></td>
<td>Panel</td>
<td></td>
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<tr>
<td></td>
<td>• Regulatory Process Update</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Update on new Spent Nuclear Fuel Storage System</td>
<td></td>
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<tr>
<td>10.</td>
<td>Introduction of Next Meeting Topic</td>
<td>Inform</td>
<td>Chuck Anders</td>
<td>9:25 (5)</td>
</tr>
<tr>
<td>11.</td>
<td>Adjourn meeting</td>
<td>Action</td>
<td>Chuck Anders</td>
<td>9:30 (210)</td>
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</tbody>
</table>
Meeting Overview
Chuck Anders, Panel Facilitator

- Safety Briefing
- CPUC Proposed Decision – 2018 NDCTP
- Facility Repurposing Update
  - Offshore Wind
  - Parcel P – Buildings & Marina
  - Desalination Facility
- Public Comment
- PG&E Decommissioning Update
Overview of Pacific Gas and Electric Company’s 2018 Nuclear Decommissioning Cost Triennial Proceeding

Tom Jones, August 25, 2021
Originally presented by: Tom Jones, August 7-8, 2019 at CPUC hosted public forums in San Luis Obispo County County Government Center
Site-specific DCE developed from ground up

- Cost-based and historical bid-based estimating and schedules
  - Not the unit cost factor methodology used in prior cost studies
- Expertise from industry subject matter experts
- Third-party reviews
- Engagement panel and public input

PG&E’s assumed approach is DECON over SAFSTOR

- Results in reduced overall decommissioning cost
## DCPP DCE Cost Summary (2017$)

<table>
<thead>
<tr>
<th>No.</th>
<th>Milestone Scope Description</th>
<th>Total (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unassigned Cost Milestones</td>
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<tr>
<td>1</td>
<td>Program Management, Oversight, and Fees</td>
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<td>2</td>
<td>Security Operations</td>
<td>$560,686</td>
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<tr>
<td>3</td>
<td>Waste/Transportation/Material Management (Excluding: Breakwater, RPV/RVI Segmentation, &amp; Large Component Removal)</td>
<td>$855,211</td>
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<tr>
<td></td>
<td>Discrete Cost Milestones</td>
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<tr>
<td>4</td>
<td>Power Block Modifications</td>
<td>$80,707</td>
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<tr>
<td>5</td>
<td>Site Infrastructure</td>
<td>$140,972</td>
</tr>
<tr>
<td>6</td>
<td>Large Component Removal (including waste/transportation)</td>
<td>$166,370</td>
</tr>
<tr>
<td>7</td>
<td>Reactor/Internals Segmentation</td>
<td>$332,341</td>
</tr>
<tr>
<td>8</td>
<td>Spent Fuel Transfer to ISFSI</td>
<td>$235,541</td>
</tr>
<tr>
<td>9</td>
<td>Turbine Building</td>
<td>$68,667</td>
</tr>
<tr>
<td>10</td>
<td>Auxiliary Building</td>
<td>$92,122</td>
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<tr>
<td>11</td>
<td>Containment</td>
<td>$121,012</td>
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<tr>
<td>12</td>
<td>Fuel Handling Building</td>
<td>$48,627</td>
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<tr>
<td>13</td>
<td>Balance of Site</td>
<td>$80,702</td>
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<tr>
<td>14</td>
<td>Intake Structure</td>
<td>$41,654</td>
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<tr>
<td>15</td>
<td>Discharge Structure</td>
<td>$15,122</td>
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<tr>
<td>16</td>
<td>Breakwaters</td>
<td>$286,326</td>
</tr>
<tr>
<td>17</td>
<td>Non-ISFSI Site Restoration</td>
<td>$135,075</td>
</tr>
<tr>
<td>18</td>
<td>Spent Fuel Transfer to DOE</td>
<td>$24,258</td>
</tr>
<tr>
<td>19</td>
<td>ISFSI Demolition and Site Restoration</td>
<td>$64,956</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td><strong>$4,802,395</strong></td>
</tr>
</tbody>
</table>
In the 2015 NDCTP Decision, CPUC stated:

- It is reasonable to assume 7 years of wet spent fuel cooling
- Conduct assessment of expedited dry cask loading

PG&E completed the analysis and found:

- Can offload spent fuel to the Diablo Canyon ISFSI within 7 years with a new dry cask storage system
- Trade offs to emptying the pools:
  - Reduced inventory for a longer period of time
  - Increased inventory for a shorter period of time – but pool is emptied sooner
- Can further refine wet cooling time through a request-for-proposal

ISFSI - Independent Spent Fuel Storage Installation
Funding for Pre-Shutdown Planning Activities

- Prior to permanent shutdown, NRC regulations restrict the use of the DCPP Nuclear Decommissioning Trust for decommissioning planning to $37.2 million
  - Only allows spending on planning activities for radiological decommissioning.

- The DCE requires $187.8 million (2017$) pre-shutdown across all categories of decommissioning to reduce decommissioning costs and duration overall

- PG&E submitted an exemption request to the NRC in Dec. 2018

- NRC is targeting issuance of the exemption decision end of July or early August 2019
Thank You

Tom Jones
Director – Strategic Initiatives
Tom.Jones@pge.com
Proposed CPUC Ruling on PG&E 2018 NDCTP

DIABLO CANYON DECOMMISSIONING ENGAGEMENT PANEL MEETING
AUGUST 25, 2021

MEGAN SOMOGYI, PARTNER
CPUC Proposed Decision

- Issued August 6, 2021

- Adopts 2018 NDCTP settlement agreement without change
  - Reasonable in light of the whole record
  - Consistent with law
  - In the public interest

- Earliest CPUC approval date is September 9, 2021
2018 NDCTP Procedural History

- 2018 NDCTP settlement agreement preceded by a lengthy proceeding:
  - Application 18-12-008 filed in December 2018
  - Parties filed protests and responses to the Application
  - PG&E and parties submitted extensive written testimony in 2019
  - PG&E and parties conducted extensive discovery to further develop the record between January and September 2019
  - CPUC held public participation hearings on the Application in San Luis Obispo on August 7 and 8, 2019
  - Evidentiary hearings were held in September 2019
  - PG&E and parties reached a settlement agreement in December 2019
  - PG&E and parties submitted a joint motion for adoption of the settlement agreement on January 6, 2020
  - CPUC issued three decisions extending the deadline to conclude the proceeding
Requirements for Approval of Settlements at the CPUC

- CPUC Rule 12.1
  - Reasonable in light of the whole record;
  - Consistent with law; and
  - In the public interest
Requirements for Approval of Settlements at the CPUC

- The agreed-upon Decommissioning Cost Estimate and annual revenue requirement for Diablo Canyon “represents a reasonable DCE and customer contributions considering the potential for repurposing and other issues raised in this proceeding.” (p. 36)

- “[T]he settlement Agreement reflects an adequate balance of PG&E and other customer interests in ensuring adequate funding is available for decommissioning, including decommissioning planning, while preserving the rights of all parties to revisit the issues in the 2021 NDCTP.” (p. 36)

- “The settlement does not contravene any statutory provisions or prior Commission decisions.” (p. 38)
CPUC Authority and Settlement Agreements

- The settlement agreement does not create precedent for the CPUC

- The settlement preserves the CPUC’s authority and jurisdiction over every issue in the 2018 NDCTP, and over the parties with regard to interpretation, implementation, and enforcement of the settlement agreement
Final CPUC Approval of Settlement

- CPUC will likely approve the proposed decision adopting the settlement agreement, without change, during its September 9, 2021 voting meeting.

- Meeting agenda and webcast information available at: www.cpuc.ca.gov
Overview of Pacific Gas and Electric Company’s Settlement for 2018 NDCTP

Maureen Zawalick, Vice President, Business and Technical Services
August 25, 2021
December 13, 2018 PG&E submitted the 2018 NDCTP

January 10, 2020 a Settlement Agreement was filed between:

- The Utility Reform Network
- The Public Advocate’s Office of the California Public Utilities Commission
- Alliance for Nuclear Responsibility
- County of San Luis Obispo
- Women’s Energy Matters
- yak tit'yu tit'yu yak t ilhini Northern Chumash Cultural Preservation Kinship
- Pacific Gas and Electric Company.
Key Highlights of Settlement Agreement

PG&E reduced the Decommissioning Cost Estimate (DCE) from $4.8B to 3.9B mostly due to:

- $200 million related to general repurposing, subject to regulatory approvals
- $300 million to reduce spent fuel cooling period
- $400 million related breakwater repurposing, subject to regulatory approvals
• Created a $112.5 million revenue requirement recovered over eight years

• PG&E will select a proposed contracting strategy to base its 2021 DCE (who does what work when)

• PG&E’s solicitation of vendors for spent fuel storage will include performance specifications:
  – 4-year offloads

• New contributions fund a non-qualified trust – which:
  – Allows for procurement of used fuel system while operating
  – Conduct physical work while operating (i.e. site characterization)
Contracting Strategy Timeline

In Process – October 2021
- Internal Evaluation and Decision

October - November 2021
- Engage with Key Stakeholders
  - IBEW
  - ESC
  - SEIU
  - Other parties to Joint Proposal and NDCTP

December 2021
- Include in 2021 NDCTP Application
  - Public Information once submitted
• **CPUC Issued Proposed Decision (PD) on August 6, 2021**
  - Adopts the Settlement Agreement
  - Decision finds the Settlement Agreement is reasonable, consistent with the law and is in the public interest.

• **Next Steps**
  - Sept. 9th – Earliest the CPUC Commissioners can vote to finalize
  - Within 30 days of the effect date of the final decision, PG&E shall submit an Advice Letter to implement the specific terms of the Settlement Agreement
  - PG&E will file comments with CPUC about PD
Diablo Canyon Reprocessing Process Update

Tom Jones, August 25, 2021
• Filed with California Public Utilities Commission June 30, 2020
• Website and email account established and monitored
• Site visits delayed by some parties due to COVID
• Outreach will continue through 2023
Floating Offshore Wind Energy Status and Opportunities

Presentation to the Diablo Canyon Decommissioning Panel

Eli Harland, Advisor to Commissioner Karen Douglas
August 25, 2021
PRIMARY FUNCTIONS OF THE
CALIFORNIA ENERGY COMMISSION

Advancing State Energy Policy
Investing in Energy Innovation
Developing Renewable Energy
Preparing for Energy Emergencies

Achieving Energy Efficiency
Transforming Transportation
Overseeing Energy Infrastructure
Intergovernmental Collaboration
CALIFORNIA’S CLIMATE AND ENERGY GOALS

Greenhouse Gas Emissions Reduction Goals:
- 1990 level by 2020
- 40% below 1990 levels by 2030
- 80% below 1990 levels by 2050
- Carbon Neutrality by 2045

Renewable and Clean Electricity Goal:
- 100% clean energy by 2045

Zero Emissions Transportation Goal:
- 100% passenger/light-duty by 2035
- 100% medium/heavy-duty by 2045

Transportation 41%
Industrial 24%
Electricity 14%
AG/Forestry 8%
Residential 8%
Commercial 6%

418.2 MMT CO₂eq (2019)

Source: CARB, Greenhouse Gas Emissions Inventory Trends, 2021
ADVANCING RENEWABLE ENERGY

- Renewable Portfolio Standard
- California Solar Initiative and net metering
- Federal Stimulus (ARRA)
- Renewable Energy Planning
  - RETI
  - DRECP
  - San Joaquin Valley Solar
  - Offshore Wind

Expands Renewable Portfolio Standard

60% by Dec 31, 2030

Establishes 100% Policy

It is the policy of the state that **eligible renewable energy resources and zero-carbon resources supply 100 percent of all retail sales** of electricity to California end-use customers by December 31, 2045 and 100 percent of electricity procured to serve all state agencies by December 31, 2045.

CEC, CPUC, and CARB to issue a Joint-Agency report every four years including the following:

A. A review of the policy (technical, safety, affordability, reliability)
B. Reliability benefits and impacts
C. Financial costs/benefits
D. Barriers/Benefits of achieving the policy
E. Alternative scenarios and costs/benefits of each
FLOATING OFFSHORE WIND ENERGY TECHNOLOGY

- Deeper waters off California’s outer continental shelf require floating technology.

- Offshore wind operates in a global market and floating offshore wind is emerging as a technology solution to access deeper waters that are further from shorelines.

- Exciting opportunity and many things to work through, including costs, transmission infrastructure, supply chains, workforce, ports, environment, and ocean users.

**NREL-IEA Reference Turbine**
- 15 MW
- Blade diameter: 787 feet
- Height to rotor: 492 feet
- Height to blade: 885 feet
PLANNING BACKGROUND AND OVERVIEW

• BOEM-CA Offshore Renewable Energy Task Force

• 2016 through 2018 BOEM Call for Information and Nominations
  - Collaboration with BOEM on an outreach strategy
  - 79 meetings with interested groups
  - Developed the California Offshore Wind Energy Gateway
  - Interagency coordination in collaboration w/ BOEM
  - Executed MOUs with international partners to exchange key information

• 2019 and 2020 Additional Areas for Consideration off the Central Coast
  - Tribal government informational webinars
  - Local community webinars
  - Fishing industry webinar
  - Public workshop
May 25, 2021 the Departments of the Interior, Defense and the State of California agree to accelerate wind energy offshore the central and northern coasts of California.

**Central Coast:** identified “the Morro Bay 399 Area” as a potential area for offshore wind.

**North Coast:** advancing the Humboldt Call area as a potential Wind Energy Area.

Both areas will undergo environmental analysis and then be merged into a Proposed Sale Notice for one lease auction.
STATE BUDGET INVESTMENTS, 2021

California State Budget (~$20 million)
• $6.5 million environmental studies and data synthesis
• **$2.2 million for outreach and technical studies**
• $11 million for Humboldt Bay offshore wind port improvements

Outreach and Engagement ($2.2 million to support outreach, engagement, and technical studies)
• Fishing industry: building from input to date and increased engagement
• Ports, workforce, and supply chain: leverage existing work and increased engagement
• Local communities and tribal governments
• Ocean users and coastal stakeholders
• Outreach to support environmental studies and data synthesis
• Interagency approach in collaboration with BOEM
• $0.8 to accelerate energy storage coupled with offshore wind
Questions and Answers

Eli Harland
California Energy Commission
Eli.Harland@energy.ca.gov
Web-Based Data Gateway

- Map geospatial data
- Converse in working groups with data/maps
- Add your own datasets

Key Planning Datasets and Information

- Wind Energy
- Infrastructure
- Biological and Habitat Data
- Marine Management and Ocean Use
Preliminary Market Assessment for Repurposing of the Diablo Canyon Power Plant in San Luis Obispo County, CA

Prepared for:
Pacific Gas and Electric Company

In Conjunction with JLL
August 25, 2021
The Concord Group

- Presenters
  - Richard M. Gollis, Principal and Brett Harper, Manager

- Real estate advisory firm focusing on market, financial and valuation analyses across sectors.
  - Founded in 1995
  - Offices in Newport Beach, San Francisco, Atlanta, Portland, Culver City, Portland and Austin
  - Deep experience across the United States
  - Senior team comprised of recognized industry thought leaders

- Diverse client/relationship base across real estate sectors
  - Developers
  - Financial Institutions
  - Builders
  - Public Agencies and Municipalities
Diablo Canyon Power Plant Site Boundary

LEGEND:
- Diablo Canyon Power Plant Site Boundary
- Diablo Canyon Lands
- Major Roads
- Excludes Boywood Feed and Pismo Beach Materials Facility

LEGEND:
- Diablo Canyon Power Plant Site Boundary - Nuclear Regulatory Commission's 10 CFR (Part 50) licensed area (750 acres)
Objectives of the Market Assessment

• To evaluate market-driven development opportunities over 15-20 years
  ▪ Resort Hotel
  ▪ Glamping/ RV Park
  ▪ Marina
  ▪ For-Sale Housing
  ▪ Workforce Rental Apartments

• Our scope of work included:
  ▪ Preliminary market analysis for commercial land uses as viewed by developers and capital markets
  ▪ Initial programming recommendations
Key Summary

- Spectacular location with ocean and coastline views provides great potential for market-based land uses

- Opportunity as economic development catalyst to expanding the market in the Central Coast

- 15-20 year time frame supports +/-140-165 acres of development across the varying uses:
  - Hospitality 15-20 acres
  - Glamping/ RV Park 100 acres
  - Marina Existing + ancillary property
  - For-Sale Housing 10-20 acres
  - Workforce Apartments 5-10 acres
Key Summary (continued)

• JLL’s broker outreach confirmed the marketability of the site across the various proposed uses.
  ▪ The uses identified as having the highest marketability are hospitality, glamping/outdoor recreational, marina, and housing
  ▪ Uses with the lowest marketability are student housing, office, and educational uses (institutional, non-market based)

• Next steps
  ▪ Detailed feasibility, site identification and development testing for the proposed uses within the repurposing plan
Regional Context

The **Black Outline** represents the Central Coast of California comprised of the following 4 counties: **San Luis Obispo County**, Monterey County, Santa Barbara County, and Ventura County.

The **shaded regions** delineate various drive time radii, comprised of key feeder markets throughout Southern California.

Drive time radii include: 1, 2, 3, 4, and 5 hour drive times.
The outlined MSAs represent the key feeder markets of tourism for San Luis Obispo County (Drive Times)

<table>
<thead>
<tr>
<th>Drive Time Radius</th>
<th>Population</th>
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</thead>
<tbody>
<tr>
<td>1-Hour</td>
<td>219,552</td>
</tr>
<tr>
<td>2-Hour</td>
<td>539,369</td>
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<tr>
<td>3-Hour</td>
<td>2,874,463</td>
</tr>
<tr>
<td>4-Hour</td>
<td>10,856,266</td>
</tr>
<tr>
<td>5-Hour</td>
<td>26,753,210</td>
</tr>
</tbody>
</table>

Regional Context – Drive-In Markets

- San Francisco (4.5 hr drive)
- San Jose (4 hr drive)
- Fresno (3 hr drive)
- Visalia (3 hr drive)
- Bakersfield (3 hr drive)
- Salina (2 hr drive)
- Subject Site
- San Luis Obispo (20 min drive)
- Santa Barbara (2 hr drive)
- Los Angeles (4 hr drive)
- San Diego (6 hr drive)
Regional Context – Fly and Drive Markets

The outlined MSAs represent the key feeder markets of tourism for San Luis Obispo County (Commercial Flight Times)

### Combined Feeder Markets

<table>
<thead>
<tr>
<th>MSA</th>
<th>Population</th>
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</thead>
<tbody>
<tr>
<td>Santa Barbara MSA</td>
<td>446,904</td>
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<tr>
<td>Seattle MSA</td>
<td>4,023,384</td>
</tr>
<tr>
<td>Salinas MSA</td>
<td>428,752</td>
</tr>
<tr>
<td>San Diego MSA</td>
<td>3,318,139</td>
</tr>
<tr>
<td>Sacramento MSA</td>
<td>2,364,919</td>
</tr>
<tr>
<td>Visalia MSA</td>
<td>474,490</td>
</tr>
<tr>
<td>Bakersfield MSA</td>
<td>905,189</td>
</tr>
<tr>
<td>Phoenix MSA</td>
<td>4,932,833</td>
</tr>
<tr>
<td>Los Angeles MSA</td>
<td>13,403,861</td>
</tr>
<tr>
<td>San Francisco MSA</td>
<td>4,652,663</td>
</tr>
<tr>
<td>Fresno MSA</td>
<td>1,010,344</td>
</tr>
</tbody>
</table>

**Combined Feeder Markets**: 35,961,478

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Subject Site

- Seattle (2.5 hr flight)
- San Francisco (1.0 hr flight)
- Las Angeles (54 minute flight)
- San Diego (1 hr flight)
- Phoenix (1 hr 45 mins flight)
Key Visitor Origin Trends

Top Originating MSAs By Spend Amount ($M)

- Los Angeles: $37.4
- San Francisco: $29.9
- Santa Barbara: $27.8
- Fresno: $10.0
- Bakersfield: $7.8
- San Diego: $6.1
- Sacramento: $5.6
- Visalia: $4.7
- Salinas: $4.5
- Seattle: $2.4

Top Originating MSAs By Cardholder Count (000s)

- Los Angeles: 235.0
- San Francisco: 166.7
- Santa Barbara: 124.3
- Fresno: 61.6
- Bakersfield: 42.2
- San Diego: 33.5
- Sacramento: 29.9
- Visalia: 23.3
- Salinas: 30.4
- Phoenix: 17.2

Visitors By Year (M People)

- 2014: 4.1
- 2015: 4.3
- 2016: 4.4
- 2017: 4.6
- 2018: 4.8
- 2019: 4.9

Source: Visit SLO; TCG Research
Marketability Summary – Hotel Resort

Commercial Land Uses: Hospitality

<table>
<thead>
<tr>
<th>Segments</th>
<th>Hospitality</th>
</tr>
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<tbody>
<tr>
<td>I. Luxury</td>
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</tr>
<tr>
<td>II. Upscale</td>
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</tr>
</tbody>
</table>

Function:
- Provides lodging for the growing number of Central Coast visitors
- The hospitality component creates a resort destination capable of capturing a large segment

Marketability (Mid-Term): (Approx. 2030-2035) Strong

Marketability (Long-Term): (2035+) Strong

SWOT Analysis:

Strengths
- Market improving with increasing rates and stabilizing occupancy
- Limited new product in the market
- Visitor growth is expected over the near- and long-term
- Demand expected to steadily increase as a result of a growing number of visitors

Weaknesses
- Visitor arrivals and hospitality demand are very subject to macroeconomic factors

Opportunities
- Destination resort-hotel with wellness, spa and outdoor amenities built in will set a new benchmark
- Little new product provides potential to change top non-luxury rates
- Other use, including a satellite CSSLO campus may expand the opportunity for room night demand and ancillary conference room usage

Threats
- Lack of inventory may be reflective of overall lack of depth in the market due to secluded location
# Marketability Summary – Glamping/ RV Park

## Commercial Land Uses:

<table>
<thead>
<tr>
<th>Segments:</th>
<th>Glamping/ Resort</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Yurt</td>
<td></td>
</tr>
<tr>
<td>II. RV Park</td>
<td></td>
</tr>
<tr>
<td>III. Cabin</td>
<td></td>
</tr>
<tr>
<td>VI. Campground</td>
<td></td>
</tr>
</tbody>
</table>

## Function:

- Glamping options take advantage of the beautiful coastline proximity and spectacular ocean views while having access to the carious amenities and facilities the resort environemtn provides.

## Marketability (Mid-Term): (Approx. 2030-2035)

- **Strong**

## Marketability (Long-Term): (2035+)

- **Strong**

## SWOT Analysis:

- **Strengths**
  - Camping frequency has increased significantly in 2021
  - Cabins and Yurt tents are forecasted to see explosive growth due to the growing preferences of families, a main demographic of glamping
  - Local Yurt and RV parks have experienced near full capacity over the last 12-months

- **Weaknesses**
  - Local RV parks can provide a cheaper option than the site

- **Opportunities**
  - The destination/resort experience will augment glamping demand as comparable glamping sites will not be able to compete with the amenities and services surrounding the development

- **Threats**
  - Local RV parks can provide a cheaper option than the site
# Marketability Summary – Marina

<table>
<thead>
<tr>
<th>Commercial Land Uses:</th>
<th>Marina</th>
</tr>
</thead>
</table>
| **Segments:** | I. Wet  
II. Dry |
| **Function:** | • Development of boat slips and moorings to serve the local boating community  
• The Marina serves as an amenity to the other land including rentals for boats, kayaks, paddleboards and other water vehicles |

## Marketability (Mid-Term): (Approx. 2030-2035)  
**Strong**

## Marketability (Long-Term): (2035+)  
**Strong**

## SWOT Analysis:

### Strengths
- Boat usage has increased significantly in 2020 fueling marina demand
- Marina occupancy in the Central Coast has exceeded 95% in 2021
- Other land uses will augment marina demand
- Site geography creates a natural cove protecting the marina

### Weaknesses
- Seasonality trends can hinder occupancy during the off-season

### Opportunities
- Local marina only has moorings, lacks tie-up slips and other amenities that can drive rents and demand
- Local marina is limited in regards to size of boats

### Threats
- Outside the development, tenants may be "fine" with cheaper mooring offerings
# Marketability Summary – For-Sale Residential

<table>
<thead>
<tr>
<th>Residential Land Use:</th>
<th>For-Sale Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segments:</td>
<td>I. Resort Residences</td>
</tr>
<tr>
<td>Function:</td>
<td>- Ground lease for potential secondary vacation homes</td>
</tr>
<tr>
<td>Marketability (Mid-Term): (Approx. 2030-2035)</td>
<td>Moderate/Strong</td>
</tr>
<tr>
<td>Marketability (Long-Term): (2035+)</td>
<td>Moderate/Strong</td>
</tr>
</tbody>
</table>

## SWOT Analysis:

**Strengths**
- For-Sale market is moderately strong with very little new product in the market
- Resort amenities and natural landscape will augment secondary/vacation home demand

**Weaknesses**
- Drawing secondary home demand is difficult due to the Central Coast's secluded nature. As resort amenities build out, appeal becomes stronger

**Opportunities**
- Resort amenities and natural landscape will augment secondary/vacation demand

**Threats**
- Potential usage restrictions can hinder demand resulting in discounted values
## Marketability Summary – For-Rent Residential

<table>
<thead>
<tr>
<th>Residential Land Use:</th>
<th>For-Rent Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segments:</strong></td>
<td>I. Workforce Housing</td>
</tr>
<tr>
<td><strong>Function:</strong></td>
<td>• Provides workforce housing for 80% - 100% of AMI levels, targeted at local levels, targeted at local employees in the service industry</td>
</tr>
</tbody>
</table>

| **Marketability (Mid-Term):**            | **Strong**           |
| **(Approx. 2030-2035)**                 |                      |

| **Marketability (Long-Term):**           | **Strong**           |
| **(2035+ )**                             |                      |

| **SWOT Analysis:**                      |                      |
| **Strengths**                            |                      |
| - Very limited new product has delivered locally in the last 10-years |
| - Rent-up demand from service industry labor commuting in from more affordable areas |
| - Asking rents remain well below average mortgage payments |

| **Weaknesses**                           |                      |
| - No marketability weaknesses - however land values are limited due to workforce rents |

| **Opportunities**                        |                      |
| - Potential for strong absorption due to pent-up demand |
| - Workforce housing levels will be significantly cheaper to rent than buy in Avila Beach |
| - Other uses, including a satellite campus for CSSLO will bolster an already strong demand for multifamily apartments |

| **Threats**                              |                      |
| - No marketability weaknesses - however land values are limited due to workforce rents |
## Preliminary Opportunities (15-20 years)

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Description</th>
<th>Approx. Scale</th>
<th>Acreage Range</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMMERCIAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxury</td>
<td>• Four to five stories. Luxury class fit/finish level. Access to spa services and beach/beach club. Assumes amenities and services on par with top luxury analogues</td>
<td>175 - 225</td>
<td>15.0 - 20.0</td>
</tr>
<tr>
<td>Upscale</td>
<td>• Four to five stories. Upscale class fit/finish level. Access to spa services and beach/beach club. Assumes amenities and services on par with top local market comparables</td>
<td>250 - 300</td>
<td>10.0 - 15.0</td>
</tr>
<tr>
<td>Glamping/ RV Park</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yurts</td>
<td>• Luxury tents, furnished built on a wooden deck, furnished with basic room amenities and equipped with sink and electricity</td>
<td>40 - 50</td>
<td>100.0 + (all glamping uses)</td>
</tr>
<tr>
<td>RV Park</td>
<td>• Campgrounds offering RV hook ups including electrical and water</td>
<td>75 - 100</td>
<td></td>
</tr>
<tr>
<td>Marina</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marina and Facilities</td>
<td>• Development of a Marina including boat slips, moorings and other amenities such as gas, restrooms, restaurant, yacht club, shuttle service to hotel</td>
<td>200</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>RESIDENTIAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>For-Sale Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residences</td>
<td>• Units with waterfront views and access to resort amenities, branded with five-star flag. Top of market specification level.</td>
<td>75 - 100</td>
<td>10.0 - 20.0</td>
</tr>
<tr>
<td>Rental (Workforce Housing)</td>
<td>• Apartment development target 80-100% AMI levels 3 story walk-up apartments, surface and tuck-under parking</td>
<td>200 - 250</td>
<td>5.0 - 10.0</td>
</tr>
</tbody>
</table>

### TOTAL ACRES

Estimated Total Program Acreage

140.0 - 165.0

---

[THE CONCORD GROUP]
Potential Uses – Marketability Conclusions

As part of the process, we have reached out to JLL brokers for each main product type to have initial discussions regarding the feasibility of each of the Potential product types. Below is a summary table of initial thoughts on key factors.

<table>
<thead>
<tr>
<th>Use</th>
<th>Subtype</th>
<th>Marketability</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitality</td>
<td>Luxury</td>
<td>High</td>
<td>Long Term</td>
</tr>
<tr>
<td>Hospitality</td>
<td>Upscale</td>
<td>High</td>
<td>Medium Term</td>
</tr>
<tr>
<td>Glamping/Resort</td>
<td>Yurt</td>
<td>High</td>
<td>Medium Term</td>
</tr>
<tr>
<td>Glamping/Resort</td>
<td>RV Park</td>
<td>High</td>
<td>Short Term</td>
</tr>
<tr>
<td>Glamping/Resort</td>
<td>Cabin</td>
<td>High</td>
<td>Short Term</td>
</tr>
<tr>
<td>Glamping/Resort</td>
<td>Campground</td>
<td>High</td>
<td>Short Term</td>
</tr>
<tr>
<td>Marina</td>
<td>Wet</td>
<td>High</td>
<td>Short Term</td>
</tr>
<tr>
<td>Marina</td>
<td>Dry</td>
<td>High</td>
<td>Short Term</td>
</tr>
<tr>
<td>Resort Residences</td>
<td>For Sale</td>
<td>High</td>
<td>Medium Term</td>
</tr>
<tr>
<td>Recreational Uses</td>
<td>Per Use</td>
<td>High</td>
<td>Short Term</td>
</tr>
<tr>
<td>Workforce Housing</td>
<td>Rental</td>
<td>High</td>
<td>Medium Term</td>
</tr>
<tr>
<td>Single Family Housing</td>
<td>For Sale</td>
<td>High</td>
<td>Medium Term</td>
</tr>
<tr>
<td>Market Rate Rental Housing</td>
<td>Rental</td>
<td>High</td>
<td>Medium Term</td>
</tr>
<tr>
<td>Office</td>
<td>Rental</td>
<td>Medium / Low</td>
<td>Long Term</td>
</tr>
<tr>
<td>Government Uses</td>
<td>For Sale</td>
<td>Medium / Low</td>
<td>Long Term</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student housing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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Seawater Desalination at Diablo Canyon Power Plant
Introduction

Larry Kraemer, PE
Director, Public Infrastructure
Cannon

Agenda
• Seawater Desalination Basics
• PG&E’s DCPP SWRO Facilities
• Future Re-Use after Decommissioning
Seawater Desal: How is Salt Removed?

**STEP 1**
Pre-Treatment
Filters remove suspended solids and other particles that would interfere with the desalting process.

**STEP 2**
Reverse Osmosis
Reverse-osmosis membranes separate dissolved minerals (including salts) and other impurities from the water.

**STEP 3**
Conditioning
Leftover high-salinity water discharged as brine.

Minerals and/or chemicals are added to ensure produced water meets aesthetic (e.g., taste) and anti-corrosion standards.

Source: sdcwa.org/your-water/local-water-supplies/seawater-desalination/
Is This Proven Technology?

Cannon
Is This Proven Technology?
What’s the Process?

• Making drinking water from seawater
  • Power plant intakes
  • Large debris filters
  • Reverse osmosis filters
  • 50% processed for drinkable water
DCPP’s SWRO Facility
DCPP’s SWRO Upgrades

Cannon
DCPP’s SWRO Upgrades

- Recapitalizing the SWRO Plant to operate through 2035
- Running below 50% of permitted capacity
- ~1+ AF/day surplus capacity (~500 AFY)
- ~3 AF/day surplus if expanded to permit limits (~1,000 AFY)

- Perspective:
  - Los Osos domestic water demand ~2,000 AFY
  - Five Cities ~ 15,000 AFY
Future Use?

DCPP’s SWRO: Advantages

- Can be part of the local water solution, but not a regional panacea
- Existing infrastructure in place (intake, piping, treatment, storage, etc.)

DCPP’s SWRO: Disadvantages

- Limited in production capacity
- Need to build a 7+ mile pipeline
Regional Facility: Disadvantages

- Increasing capacity likely to trigger new intake requirements
- No new surface intakes allowed under 2015 Ocean Plan Amendment
DCPP’s SWRO

**Advantages**
- Can be part of the local water solution, but not a regional panacea
- Existing infrastructure in place – intake, piping, treatment, storage, etc.

**Disadvantages**
- Limited in production capacity
- Need to build a 7+ mile pipeline

**Challenges**
- Will the Water Community see it as an asset to diversity their water portfolio?
- Is there political will to push through permit renewals and regulatory requirements of operating without an active power plant?