



AGENDA NO: D-2

MEETING DATE: October 13, 2015

Staff Report

TO: Honorable Mayor and City Council

DATE: October 5, 2015

FROM: Dave Buckingham, City Manager
Joseph W. Pannone, City Attorney

SUBJECT: Approval of Memorandum of Cooperation (“MOC”) between the City and Trident Winds, LLC, a Washington Limited Liability Company (Trident”), Regarding a Possible Wind Turbine Project Located Off-shore for the Production of Electricity

RECOMMENDATION

Staff recommends the City Council approve the MOC with Trident for the parties to cooperate regarding a possible wind turbine project located off-shore for the production of electricity with access to the existing distribution facilities at the former Morro Bay Power Plant.

ALTERNATIVES

Alternative 1. The City Council can decide not to authorize the MOC.

Alternative 2. The City Council can request modifications to the MOC be discussed with Trident.

FISCAL IMPACT

There is no immediate financial impact of the MOC, except for staff and legal efforts during the period of the MOC.

BACKGROUND

The former Morro Bay Power Plant (the “MBPP”) is an inoperable 650 MW gas and oil fired power operation owned by Dynegy Morro Bay, LLC, a Delaware limited liability company, a wholly-owned affiliate of the publicly traded independent power company known as Dynegy Inc. (“Dynegy”). Dynegy representatives have advised it is actively attempting to sell and otherwise dispose of its portfolio of California power plants, including the MBPP. The MBPP has been closed and rendered inoperable since January 2013. The City has experienced significant negative economic impacts as a result of expired MBPP operational agreements, including, but not limited to, because a vacant power plant on the City’s waterfront is a visual and economic detriment to the future growth and prosperity of the City. Since the closure of the MBPP, various parties have suggested site re-use concepts to the City.

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Prepared By: JWP

City Manager Review: DWB

Staff and Trident understand the necessity to evaluate and address potential impacts to the marine ecosystem, specifically, water quality and migratory and resident species of concern, as well as other issues, such as visual resources, recreational opportunities, navigable channels, cultural resources and the fishing industry for any proposed re-use of the MBPP. It is also well known, California has a public policy to significantly increase the use of renewable power in the State and to significantly decrease the emission of carbon in the power, industrial and transportation sectors of the California economy.

DISCUSSION

Trident is an Offshore Wind Development (“OSD”) company formed to permit clean, renewable energy projects, and has advised the City it is engaged in the permitting of a utility scale, deep water, anchored wind project on the central coast of California in the general vicinity of Morro Bay. Part of that potential project would require a means of transmitting electricity created by the wind project. The City owns and controls the cooling water outfall structure formerly utilized by the MBPP, which structure may be effectively re-utilized by an offshore wind project to electrically connect a wind project to the PG&E electric substation located adjacent to the MBPP, and which substation provides for an interconnection to the high voltage transmission system operated by the California Independent System Operator located in Folsom, California.

Trident approached the City about cooperatively exploring the possibility of the wind project and use of the City-owned outfall facility. The MOC would provide the parties a path for that cooperative effort. The MOC does not commit the City to any reuse of its outfall structure of the MBPP or position on the project.

The MOC has no specific time period during which the parties are agreeing to cooperate. The MOC does clearly provide the City can determine, at any time, to discontinue operations under the MOC. The MOC expressly states the City “will, subject to its own rules and regulations and applicable law, and following significant public review and participation, cooperate with Trident to the extent it deems reasonable and in the public interest.” Therefore, at any time the City Council decides the public interest would be better served by no longer cooperating with Trident, the City has the right to withdraw that cooperation.

CONCLUSION

Staff believes exploring the possible reuse of the former MBPP for distribution of electricity from an environmentally and commercial and recreational fishing industry friendly off-shore wind turbine project is a worthy effort, at this time. Such exploration in no way commits the City to allow use of its outfall facilities or the MBPP for such use or approval of such a project. Based on that foregoing, staff recommends the Council approve the MOC.

ATTACHMENT

Proposed Memorandum of Cooperation