

Frequently Asked Questions on City-Vistra Settlement

These "Frequently Asked Questions" were included as part of the Morro Bay City Council's June 9 Special Meeting agenda item on the settlement of an eminent domain lawsuit brought by the City to gain permanent utility easements running from the Front Street parking lot (lift station 2) through the southern edge of the plant property to Main Street where the City is building a new lift station as part of its Water Reclamation Facility (WRF) project.

The City had offered \$200,000 for the 4.45 total acres easement and Vistra wanted \$6 million. Under the settlement the City will pay \$1 for the easements and relieve Vistra of a requirement to either tear down the old plant and smoke stacks by 2033 or sell the entire 117-acre property to the City for \$1.

Now, if Vistra doesn't tear down the old plant by 2028, Vistra will pay the City \$3 million and keep the land.

Q: Does approval of the proposed Vistra MOU agreement mean the City Council approves Vistra's proposed battery storage project?

A: No. Vistra's proposed project will need to follow all of the City's standard processes, including planning, review, evaluation and consideration for approval. The proposed project and potential Environmental Impact Report (if the project continues to move forward) will be reviewed in the future at public hearings by both the Planning Commission and City Council.

Q: Is the Council "green lighting" the project as Vistra has proposed it?

A: No. The City is eager to have public input, which could modify the proposed project, and perhaps more importantly, the Council has not made any decisions yet on the proposed project (nor is Council making any decisions about the proposed project if the proposed Vistra MOU agreement is approved).

Q: Will the public have opportunities to provide input?

A: Yes. This proposed project will require an Environmental Impact Report per the California Environmental Quality Act (CEQA). CEQA has extensive provisions for public input both in framing factors to consider in evaluation of the proposed project's potential impacts and in commenting upon the impacts. There are also anticipated public hearings before both the Planning Commission and City Council as the project moves through the review process.

Q: What happens if the proposed battery storage project isn't approved?

A: The battery storage project (BESS) could provide sufficient economic returns to Vistra to fund removal of the existing turbine building (and the stacks, if the community chooses). If the proposed battery storage project becomes uneconomical for Vistra, or Vistra otherwise decides not to proceed, and Vistra does not tear down the Morro Bay Power Plant by 2028, the Vistra MOU agreement requires that Vistra will nonetheless pay \$3,000,000 to the City.

Q: How can we learn more about the proposed battery storage project?

A: Current project information is posted on the City's "Current Planning Projects" page

and includes the project application, project description, plans, a prior presentation from Vistra to City Council, and all current environment studies for the project. The page will be updated continually as additional project material is developed. Link to City's Current Planning Projects page: www.morro-bay.ca.us/842/Current-Planning-Projects.

Q: How will the City address public safety, view impacts, etc.?

A: Each of these topics, and many more, are key elements in the CEQA review process, with independent experts providing analysis for consideration.

Q: What if the proposed project has environmental impacts that can't be mitigated?

A: If the proposed project includes any unmitigated environmental impacts, the City (to approve the proposed project) will have to adopt a statement of overriding consideration as part of an adoption of the EIR, at a noticed public hearing. Further, additional public benefits would need to be extended to the community if there are any exceptions to the City's development standards.

Q: The California Coastal Commission told the community that the new Water Reclamation Facility had to be built inland to avoid coastal hazards/sea level rise concerns, so why is the BESS being proposed so close to the coastline?

A: The City's current wastewater treatment plant, located off Atascadero Road, is located in a Tsunami inundation zone, and FEMA 100 year flood zone AE and in an area potentially subject to sea level rise impacts by the year 2100. Also, the City attempted to obtain a Coastal Development Permit (CDP) for demolition of the existing plant and construction of a new plant in same location. The CDP was denied in 2013 by the Coastal Commission because the project was deemed inconsistent with the City's Local Coastal Plan (LCP) zoning provisions, failed to avoid the coastal hazards noted previously, and was in a sensitive view area identified in the LCP.

The BESS is located in a tsunami inundation zone, as are most of the areas in the City that are located immediately adjacent to the waterfront. The anticipated EIR will look at this issue as part of the environment review process that has just started for the proposed project. Other issues noted above do not apply to the specific location of the proposed BESS project on the former tank farm site at the power plant.