



Fact Sheet

Revisions to the Inter-Agency Memorandum of Understanding on the Acceptance and Use of Interim Mitigation Funding for the Once-Through Cooling

What is the Memorandum of Understanding?

The Memorandum of Understanding Between the California Ocean Protection Council, the State Water Resources Control Board, and the California State Coastal Conservancy Regarding the Acceptance and Use of Interim Mitigation Funds for the Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (MOU) is a joint document between the State Water Resources Control Board (State Water Board), Ocean Protection Council (OPC), and State Coastal Conservancy (Coastal Conservancy), collectively referred to as the Agencies, specifying how interim mitigation funds should be used. The original MOU was adopted in 2016.

What Are the Roles of the Water Boards, the Ocean Protection Council, and the State Coastal Conservancy?

The State Water Board and the nine Regional Water Quality Control Boards (Regional Water Boards), collectively known as the California Water Boards (Water Boards), are dedicated to a sustainable California made possible by clean water and water availability for both human uses and environmental resource protection. The State Water Board protects water quality through development and implementation of water quality control plans and policies and through the issuance of National Pollutant Discharge Elimination System permits.

The Ocean Protection Council (OPC) aims to protect California's coast and ocean by advancing innovative, science-based policy and management, making strategic investments, and catalyzing action through partnerships and collaboration. The OPC is non-regulatory, cabinet-level state body that is charged with safeguarding coastal and ocean ecosystems for the benefit of current and future generations.

The Coastal Conservancy aims to protect and improve natural lands and waterways, help people access and enjoy the outdoors, and sustain local economies along the length of California's coast. The Coastal Conservancy is a non-regulatory agency that supports projects to protect coastal resources and increase opportunities for the public to enjoy the coast.

What is the OTC Policy?

On May 4, 2010, the State Water Board [adopted a policy](#) regulating the use of coastal and estuarine waters for cooling purposes at power plants in California. The Statewide Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (also known as the Once-Through Cooling Policy or OTC Policy) establishes standards to implement the Clean Water Act in a consistent manner to reduce the harmful effects on marine life in the ocean and estuaries associated with the cooling water intakes, while also maintaining local and statewide electrical grid reliability.

The OTC Policy originally applied to 19 coastal power plants in California. The seven that still use OTC water include:

- Alamitos Generating Station located in Long Beach
- Diablo Canyon Nuclear Power Plant located in Avila Beach
- Harbor Generating Station located in Wilmington
- Haynes Generating Station located in Long Beach
- Huntington Beach Generating Station located in Huntington Beach
- Ormond Beach Generating Station located in Oxnard
- Scattergood Generating Station located in El Segundo

What are the Interim Mitigation Measures?

Marine life is harmed by power plants that withdraw ocean and estuarine waters to cool steam for generating electricity. Aquatic organisms, including larvae and eggs, are harmed because they are either trapped against screens (impingement) or they are drawn into the cooling system (entrainment) and are exposed to pressure and high heat. The marine life that is killed is mainly at the base of the food chain, which can adversely affect the future of certain species and impact recreational and commercial fishing.

Section 2.C(3) of the OTC Policy requires owners and operators of OTC power plants to implement mitigation measures that offset adverse interim impacts to marine life caused by power plants operations between October 1, 2015, and when final compliance with the OTC Policy is achieved. The OTC Policy provides options for complying with the interim mitigation requirement. Most owners and operators comply by providing funding directly to the OPC and the Coastal Conservancy for mitigation projects. The State Water Board calculates interim mitigation payments for each OTC facility annually. Additional information on annual interim mitigation determinations is available on the State Water Board's Interim Mitigation [Webpage](#).

As defined in the OTC Policy, mitigation projects are those that restore marine life lost through impingement and entrainment mortality. Restoration of marine life may include projects to restore and/or enhance coastal marine or estuarine habitat. Mitigation funds may also be used to protect marine life in existing marine habitat, for example through the funding of implementation and/or management of Marine Protected Areas. The OTC Policy also states that it is the preference of the State Water Board that interim

mitigation funding is used for mitigation projects directed towards increases in marine life associated with the state's Marine Protected Areas in the geographic region of the OTC facility.

How Are Interim Mitigation Determinations Made?

Interim mitigation payments are determined by the State Water Board annually via a public process for OTC power plant owners and operators complying with the OTC Policy by providing funding to the OPC and Coastal Conservancy. For each interim mitigation cycle, which spans September 1 to October 30, OTC power plant owners and operators provide impingement and entrainment data to the State Water Board. The State Water Board uses the data to draft determinations for each facility for that year. The calculations for these determinations are described in State Water Board [Resolution No. 2024-0014](#), which was adopted by the State Water Board on April 17, 2024, to ensure annual payments appropriately compensate for interim mitigation impacts to marine life.

How Much Interim Mitigation Funding is Paid to the OPC and Coastal Conservancy?

The estimated interim mitigation funding amount for the 2022-2023 cycle is approximately \$18.7 million.

Between 2023 and 2030, when the last OTC power plant is expected to attain final compliance with the OTC Policy, the estimated interim mitigation funding amount is estimated to be approximately \$137 million.

What is Included in the Memorandum of Understanding?

The MOU establishes principles for collaboration between the Agencies, including expectations, roles, and responsibilities for each agency. To set clear guidelines, the MOU:

- Identifies the allocation of interim mitigation funds between the OPC and Coastal Conservancy;
- Specifies how the OPC and Coastal Conservancy should accept and use the interim mitigation funds for appropriate mitigation projects;
- Sets forth criteria for project selection; and
- Outlines how the Agencies should coordinate internally and with the public and interested parties.

Why is the Memorandum of Understanding Being Revised?

The proposed revisions to the MOU follow the State Water Board's adoption of Resolution No. 2024-0014. The Agencies collaborated to propose revisions to the MOU, in part to address comments received from the public and tribes during the process to revise the interim mitigation calculations. The proposed revisions ensure the continued effective allocation of interim mitigation funds while also identifying opportunities to

engage and receive input from tribes and environmental justice groups on the use of interim mitigation funds.

How Were Comments Considered in Changes to the MOU?

The Agencies considered comments on the distribution and use of the interim mitigation funds that were shared when the State Water Board revised the interim mitigation calculations. Please see [OPC Interim Mitigation Program Webpage](#) for the Water Board's Responses to Comments, which includes a summary of comments received and responses to those comments.

Are There More Opportunities to Comment on the MOU?

The Agencies will provide opportunities for public feedback before finalizing the MOU. In addition to reviewing written comments received based on the Responses to Comments, the State Water Board will host a joint-agency information item on June 3, 2025. The Agencies will also review any written comments received during the written public feedback period, which ends at noon on June 21, 2025. Following the public feedback period and any potential associated revisions to the MOU, the MOU will be finalized via signature of the Agency's executive leadership. The State Water Board Executive Director's signature will serve to approve the MOU without separate State Water Board action.

What Are the Main Changes to the MOU?

The main proposed changes to the MOU are summarized below. These changes are responsive to comments received from the public and interested parties when the State Water Board revised the interim mitigation calculations.

Definition of "Geographic Region": The 2016 MOU states that it is the preference of the State Water Board that interim mitigation funds are used for mitigation projects directed towards increases in marine life associated with the state's Marine Protected Areas in the geographic region of OTC facilities. The proposed revisions to the MOU define the term "geographic region" as an area distinguished by a unique set of natural features such as habitat and climate. The OPC and Coastal Conservancy shall work with the State Water Board to ensure interim mitigation funds are applied to the appropriate "geographic region" based on the impacts necessitating mitigation.

Projects Local to Diablo Canyon Nuclear Power Plant: The proposed revisions to the MOU state that the Coastal Conservancy will seek to fund projects that use at least 50 percent of the cumulative interim mitigation funding it receives through 2030 to restore and/or enhance marine life within the geographic region of the Diablo Canyon Nuclear Power Plant (Diablo Canyon). In this context, the term "geographic region" is further defined from its general concept to mean an area with a reasonable relationship to Diablo Canyon's ecological and marine footprint. This change recognizes Diablo Canyon's significant contribution towards annual OTC water usage by volume in comparison to the rest of the operational OTC fleet.

Watershed Restoration: The proposed revisions to the MOU expand the potential use of OTC funding beyond wetland restoration to include watershed restoration projects where a project meets the OTC Policy's definition of a mitigation project and a reasonable relationship between the harms being mitigated and direct or indirect beneficial impacts on marine life as a result of the project can be demonstrated.

Allocation of Funds: The proposed revisions to the MOU will increase the amount of annual interim mitigation funding directed to the OPC from \$5.4 million to \$6.5. This enhancement is based on the increase in programmatic costs associated with state's Marine Protected Area network. The remainder of annual interim mitigation funds will be directed towards the Coastal Conservancy.

Enhanced Transparency: The proposed revisions to the MOU direct the Agencies to develop and maintain a central webpage that will provide information about the status of existing projects receiving interim mitigation funds and allow the public to identify potential future projects. The proposed revisions to the MOU also encourage the OPC and Coastal Conservancy to continue presenting information items on the use of interim mitigation funds at public State Water Board meetings. Finally, the proposed revisions to the MOU state that the OPC and Coastal Conservancy may release proposed mitigation projects for public comment prior to the authorization of funding those projects.

Tribal Consultation: The proposed revisions to the MOU direct the OPC and Coastal Conservancy to seek early input and consultation with California Native American tribes on the Native American Heritage Commission list that are within reasonable vicinity of an OTC facility or with a significant historical connection to the reasonable vicinity of an OTC facility to solicit tribal priorities for use of the interim mitigation funds. The State Water Board will assist in consultations as requested.

Environmental Justice: The proposed revisions to the MOU direct the OPC and Coastal Conservancy to seek and consider input from representatives of systemically excluded communities within the reasonable vicinities of OTC power plants on the use of interim mitigation funding.

Existing Agreements: The owners and operators of Ormond Beach and Haynes generating stations have existing agreements to dedicate all or a portion of their respective facility's interim mitigation funds towards local projects. Language reflecting these existing agreements was added as proposed revisions to the MOU.

State Water Board Concurrence on Use of Expenditures: The proposed revisions to the MOU state that the OPC and Coastal Conservancy shall seek concurrence from the State Water Board on the use of interim mitigation funding for proposed mitigation projects. The 2016 MOU specifies that the State Water Board shall indicate approval of proposed mitigation projects. This change acknowledges the collaborative relationship between the Agencies while recognizing the State Water Board's role as lead agency in the implementation of the OTC Policy.

How Can I Stay Involved in the OTC Policy?

The State Water Board welcomes public and tribal participation at public meetings where the OTC Policy is considered or discussed. Any person desiring to receive future notices announcing relevant meetings must sign-up for the email distribution list by accessing the [Email List Subscription Form website](#).

After entering an email, interested parties should scroll to the “Water Quality” section and check “Ocean Issues – Once-Through Cooling” before form submission.

Any questions about the OTC Policy can be directed to State Water Board staff, as listed under the “Questions or Comments” section on the [OTC Policy webpage](#).

For More Information:

For additional information on the Interim Mitigation MOU project or the Once-Through Cooling Policy, please see the following resources:

- State Water Board [Once-Through Cooling Policy Webpage](#)
- State Water Board [Interim Mitigation Program Webpage](#)
- [OPC Interim Mitigation Program Webpage](#)
- State Water Board Point of Contact: Jonathan.Dolan@waterboards.ca.gov
- OPC Point of Contact: Jenn.Eckerle@resources.ca.gov
- Coastal Conservancy Point of Contact: Amy.Hutzel@scc.ca.gov
- Mailing Address: State Water Resources Control Board, 1001 I Street, 24th floor, Sacramento, CA 95814

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