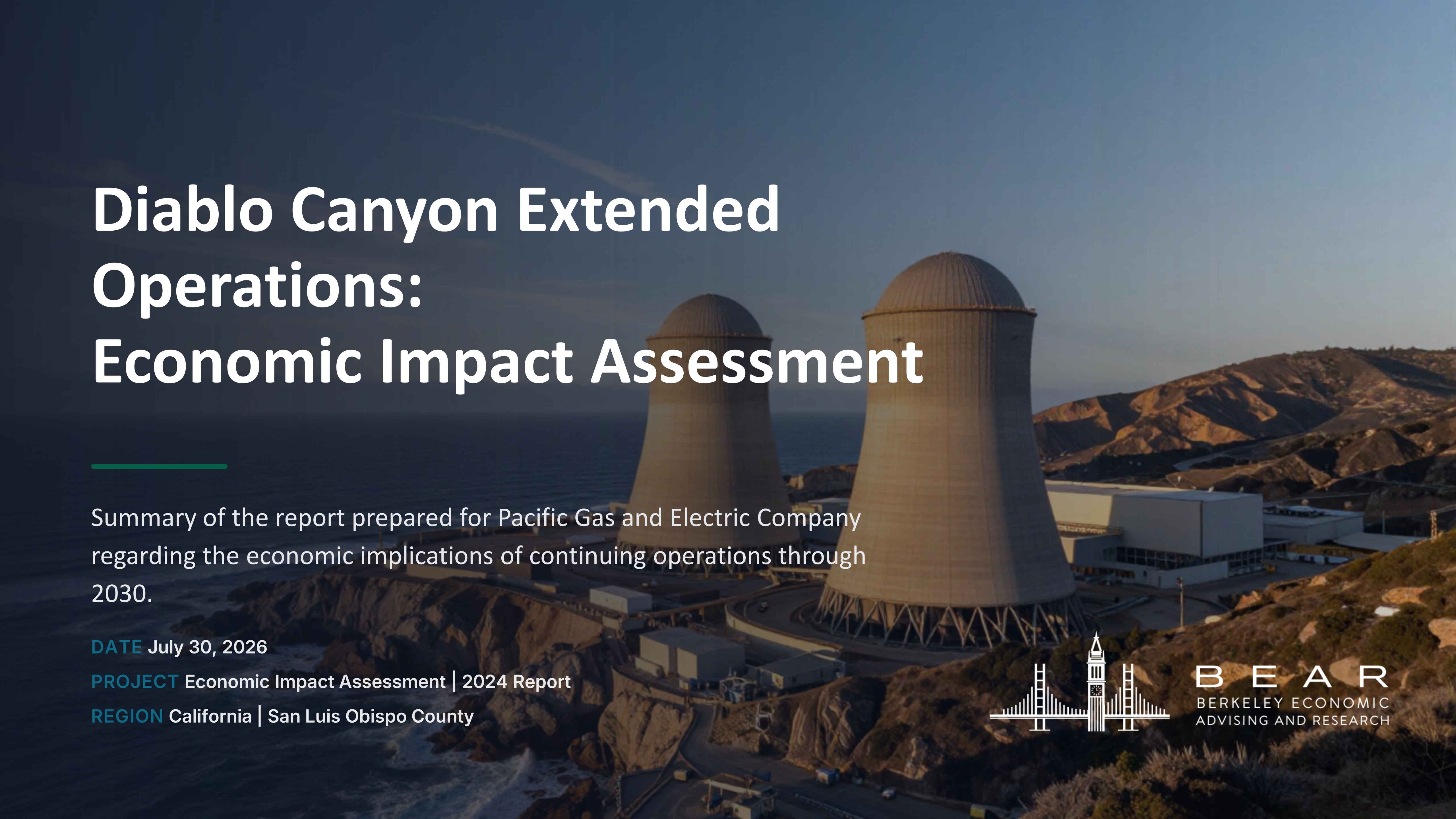


Diablo Canyon Extended Operations: Economic Impact Assessment

Summary of the report prepared for Pacific Gas and Electric Company regarding the economic implications of continuing operations through 2030.

DATE July 30, 2026

PROJECT Economic Impact Assessment | 2024 Report

REGION California | San Luis Obispo County

BEAR
BERKELEY ECONOMIC
ADVISING AND RESEARCH

Executive Summary of Economic Findings

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

$901.3M

Annual Gross State Product

Total economic value added to the California economy through direct operations, supply chain, and induced spending.

3,785

Full-Time Equivalent Jobs

Statewide Catalyst

High-wage utility employment anchoring a broad service-sector labor base across the state.

San Luis Obispo County

Local Value Added	$420.2M
Regional Jobs (FTE)	1,567

Santa Barbara County

Local Value Added	$43.9M
Regional Jobs (FTE)	209

Annual Tax Payments

State & Local	$85.0M
Federal	$163.6M

Source: Attached Economic Impact Assessment, Executive Summary; Tables 3.3–3.14; Sections 4–6

Rationale for Operational Extension

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

The extension addresses urgent grid reliability risks and California's ambitious climate goals, maintaining DCPP as a critical bridge resource during the transition to clean energy.

Grid Reliability & Stability

Renewed concerns following rolling blackouts (2020) and grid shortfalls (2022). DCPP provides firm, non-intermittent capacity to mitigate risks from extreme weather and heat waves.

Climate & Emissions Goals

DCPP is California's largest source of clean electricity, avoiding 6–7 million tons of GHG emissions annually that would otherwise require conventional gas generation.

Transition Bridge Resource

Serves as a strategic buffer due to slower-than-expected deployment of replacement energy projects and rising demand from electrification and data centers.

Legislative & Regulatory Pathway

SEPTEMBER 2, 2022

Senate Bill 846 Enacted: Created the legal pathway for operations through 2030 with federal support.

DECEMBER 2023

CPUC Authorization: Authorized extension contingent on continued federal approvals and reliability needs.

AUGUST 2025

NRC Approval: Nuclear Regulatory Commission approved the operating license extension through 2030.

Source: Attached Economic Impact Assessment, Sections 1.1–1.6; SB 846 (2022)

Energy and Operating Footprint

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

2,200+ MW Capacity

Two pressurized-water reactors providing 8.43% of California's average in-state capacity.

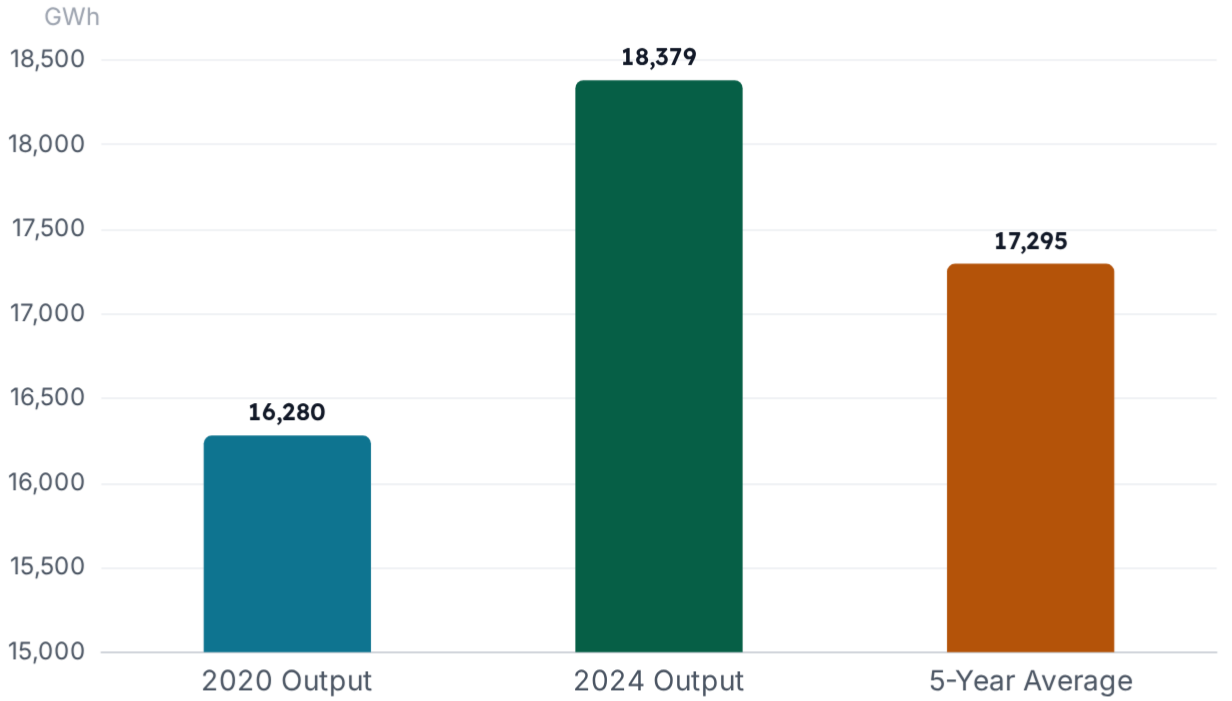
Clean Energy Leader

Largest source of clean electricity in CA, avoiding 6–7 million tons of GHG emissions annually.

Reliable Grid Bridge

Strategic firm generation for grid stability during heat waves and clean energy transition.

DCPP Electricity Generation Analysis (GWh)



Source: Attached Economic Impact Assessment, Table 1.1; Section 1.3

California Electricity Demand Context

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

Growth Forecast (CEC 2024)

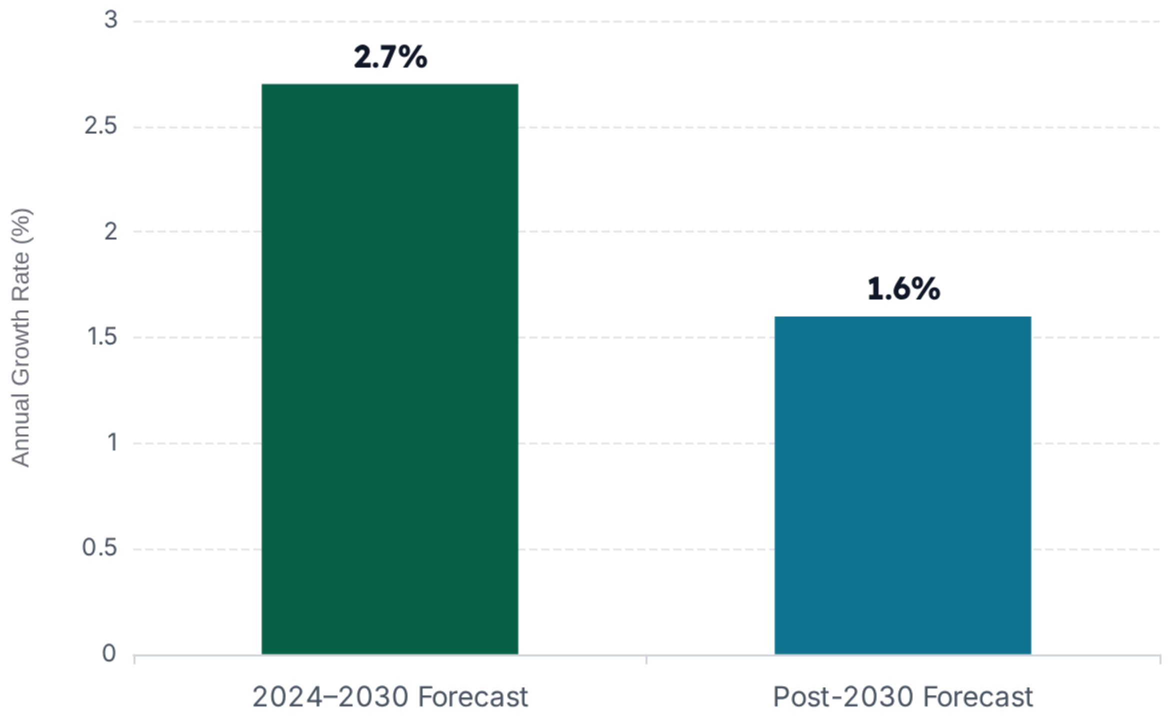
2.7% Annually — Through 2030

Projected demand growth is driven by massive infrastructure expansion and industrial electrification.

1.6% Annually — Post-2030

Strategic Value Drivers

- Data Centers: Rapid expansion of high-load computing facilities requires firm, 24/7 power.
- Electrification: Statewide shift toward electric transportation and building systems.
- Grid Stability: Firm in-state generation offsets the intermittency of renewable sources.



Source: Attached Economic Impact Assessment, Sections 1.5–1.6 | Planning context based on 2024 CEC Forecasts.

Workforce and Procurement Profile

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

Regional Labor Impact

1,300+
Full-Time Personnel

1,100
Outage Workers

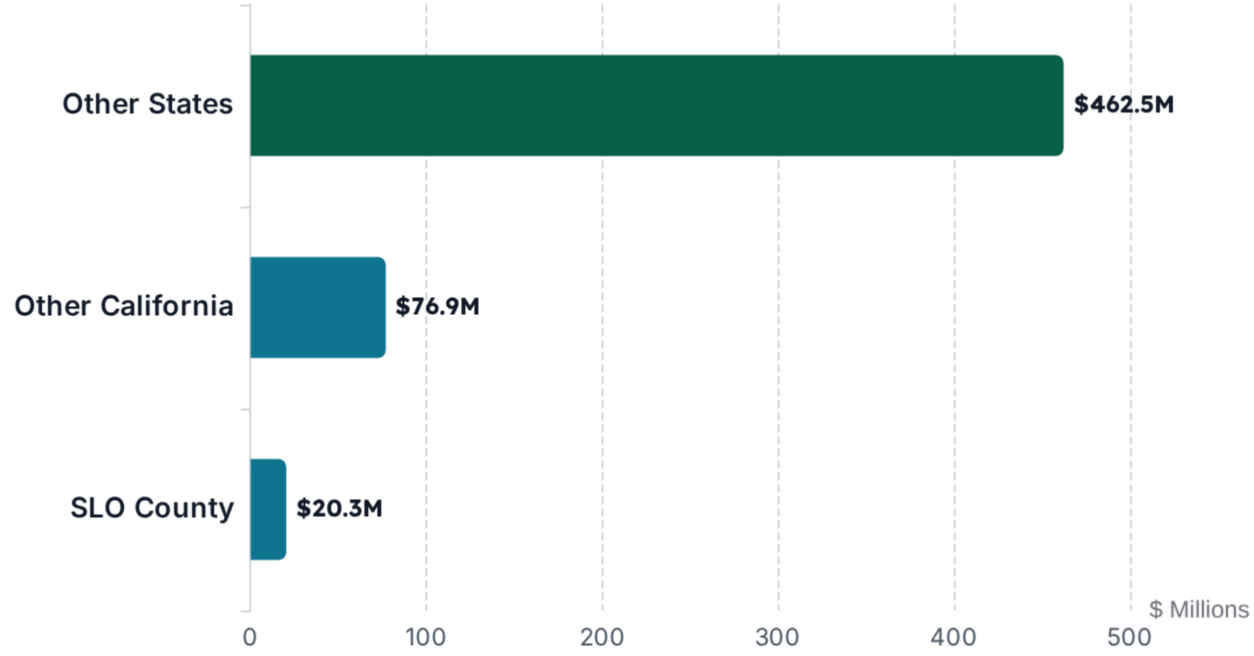
$190.1M
Total Annual Payroll

$147K
Median HH Income

DCPP Avg. Salary	$153,589
SLO County Median	$91,000
Salary Premium	+68.8%

DCPP remains the largest private employer in San Luis Obispo County, supporting a specialized workforce essential for safe operation.

2024 Procurement Breakdown ($ Millions)



Total Operating Expenses (2024) **$1.171 Billion**

Source: Attached Economic Impact Assessment, Tables 2.2–2.5

Economic Impact Methodology

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

MODEL: 2023 IMPLAN INPUT-OUTPUT SYSTEM

The analysis distinguishes three levels of economic activity across 528 industry sectors.

Direct Effects

Immediate economic activity specifically associated with DCPP operations and on-site resources, including facility management and core operations.

Indirect Effects

Economic activity generated through the supply chain as DCPP purchases goods and services from local and statewide vendors.

Induced Effects

Broader economic spending by households supported by DCPP-linked wages and business income within the regional economy.

Primary Model Inputs

- Payroll and Employee Benefits
- Retention Incentives
- Taxes and Regulatory Fees
- Planned Retirement Spending
- Expenditures on Goods & Services
- Workforce Specialized Skills

Note: Estimates represent modeled annual economic linkages based on 2023 baseline data and should not be interpreted as guaranteed future outcomes.

Geographic Scope

Results are regionalized to capture unique economic dependencies across three distinct levels:

- San Luis Obispo County
- Santa Barbara County
- State of California

Source: Attached Economic Impact Assessment, Section 3.1–3.3 and Appendix B

Annual Economic Impact: San Luis Obispo County

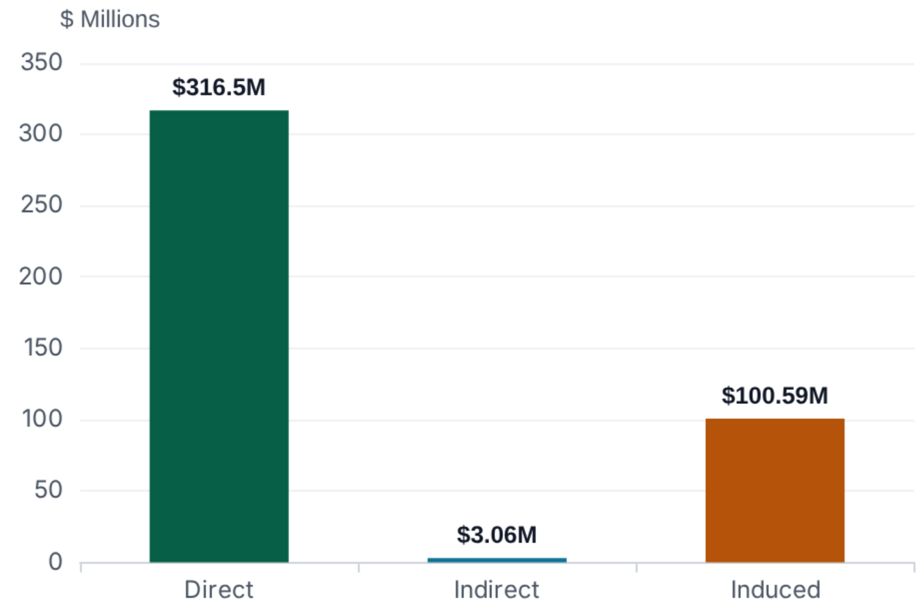
ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

Total Annual Value Added
$420.16 Million

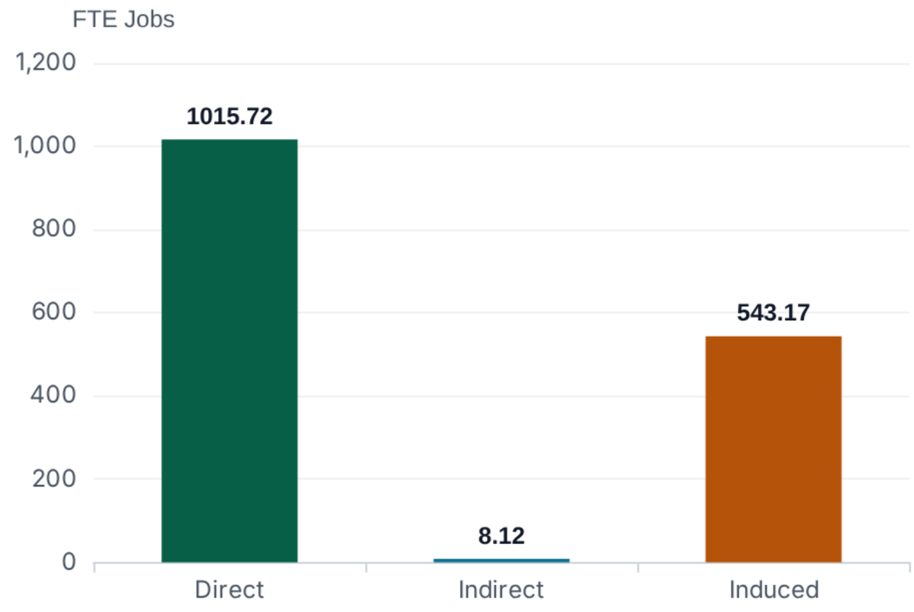
Total Annual Employment
1,567.0 FTE Jobs

State, Local & Federal Taxes
$139.30 Million

Value Added Composition ($ Millions)



Employment Composition (FTE)



Source: Attached Economic Impact Assessment, Tables 3.3–3.6

Induced Impact Sectors: Real Estate | Health Care | Retail | Hospitality

Annual Economic Impact: Santa Barbara County

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

ANNUAL VALUE ADDED

$43.88M

Total regional contribution to GDP, including direct and induced effects.

EMPLOYMENT IMPACT

209 FTE Jobs

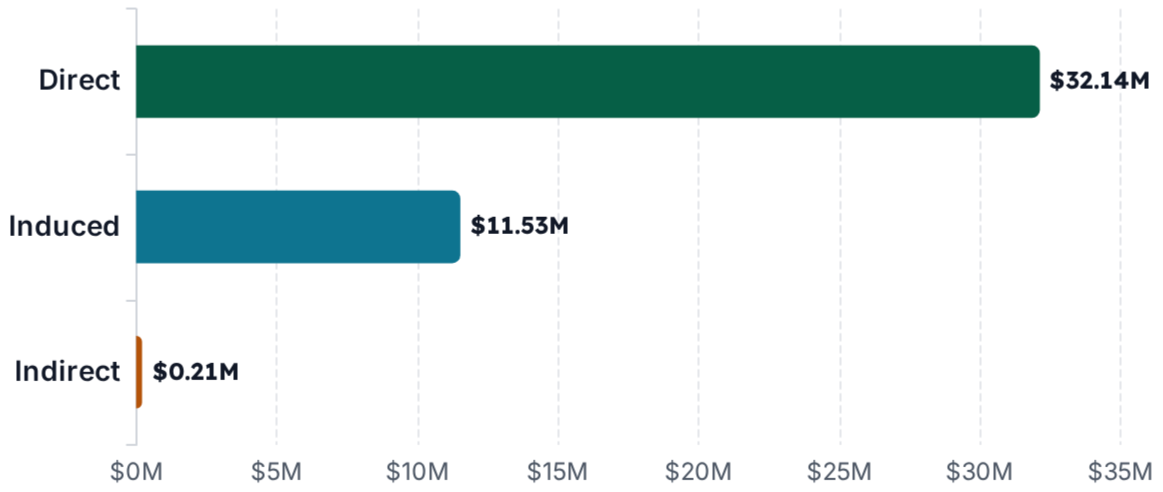
Includes 141 direct employees and 68 indirect/induced positions.

ANNUAL TAX REVENUE

$10.46M

Combined state & local ($2.26M) and federal ($8.20M) tax generation.

Value Added Component Breakdown ($ Millions)



Primary Transmission Channel

Payroll is the main economic driver in Santa Barbara County. High-wage worker residence supports substantial induced service-sector effects, despite weaker direct supplier linkages compared to SLO County.

Source: Attached Economic Impact Assessment, Tables 3.7–3.10

Statewide Economic Impact: California

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

$901.3M
ANNUAL GROSS STATE PRODUCT

3,785
FULL-TIME EQUIVALENT JOBS

$248.6M
TOTAL ANNUAL TAX REVENUE

Real Estate Linkages

The largest induced benefit channel, driven by high-wage household spending. DCPP operations support significant demand for residential property, commercial space, and housing-related services across the state.

$299.7M Induced GSP

Supported by household consumption statewide.

Health Care & Services

Substantial multiplier effects in the service sector. High-wage employment creates sustained demand for regional healthcare facilities, social assistance programs, and essential community services.

1,557 Indirect/Induced Jobs

Broadly distributed across the service economy.

Professional Services

Impacts extend through complex supply chains including legal, engineering, financial, and technical consulting. These linkages reflect DCPP's integration into California's advanced industrial economy.

$163.6M Federal Taxes

Annual contribution to national fiscal capacity.

Source: Attached Economic Impact Assessment, Tables 3.11–3.14

Fiscal Impacts and Ratepayer Considerations

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

Local Fiscal Contributions

Property Tax (FY 23-24)

$15.1M

Unitary-tax treatment

Historical Annual Avg.

~$25M

Local agency payments

Community Impact Mitigation Program

$185 Million+

Total paid to SLO County since 2018

- Payments support essential public-purpose uses during operational extension.
- Unitary-tax treatment reflects facility depreciation over time.
- Fiscal stability for local agencies remains a core policy focus.

Volumetric Performance Fee (VPF)

$13 per MWh (Established by SB 846)

Utility Provider	2026 Forecasted Cost
Pacific Gas and Electric (PG&E)	$190.8 Million
Southern California Edison (SCE)	$59.7 Million
San Diego Gas & Electric (SDG&E)	$12.9 Million

Note: Shareholder profit is prohibited from VPF funds; revenue offsets operating costs.

PROJECTED EXTENSION PERIOD VALUE

$3.2 Billion

Estimated net benefit to California customers through market revenue offsets and avoided reliability costs.

Source: Attached Economic Impact Assessment, Sections 2.4–2.5, 3.3.5, and Appendix A

Real Estate Market Assessment

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

Event Study Findings: 2022 Extension

The analysis tracked the impact of the SB 846 signing (Sept 2, 2022) across treatment ZIP codes in San Luis Obispo and Northern Santa Barbara Counties compared to Monterey and Ventura control groups.

- **Initial Reaction:** A short-lived relative increase of 1.5%–2.5% in home values was observed immediately following the announcement.
- **Long-term Trend:** The effect flattened and dissipated within 18 months, showing no persistent relative appreciation.
- **Scarcity Dominance:** Regional housing scarcity and coastal desirability remain the primary drivers of value, overwhelming plant-specific policy events.

Methodological Approach

DATA SOURCES

Zillow Home Value Index (ZHVI) and Median Sale Prices for treatment and control ZIP codes.

VALIDATION

Difference-in-Differences (DiD) event-study model centering on the September 2022 policy signing.

Difference-in-Differences Estimates

Metric	Estimate	Significance
ZHVI Home Values	+1.0%	NOT SIGNIFICANT
Median Sale Price	-2.1%	NOT SIGNIFICANT

Source: Attached Economic Impact Assessment, Section 4.3.3

KEY CONCLUSION

The 2022 extension announcement had no discernible long-run impact on local housing values. Market dynamics are driven by fundamental supply-side scarcity rather than the operational status of DCPP.

Municipal Bond Market Assessment

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

Methodological Framework

Event Study: June 2016 closure announcement.

Model: Difference-in-Differences (DiD) using Treasury benchmarks and MSRB EMMA trade data.

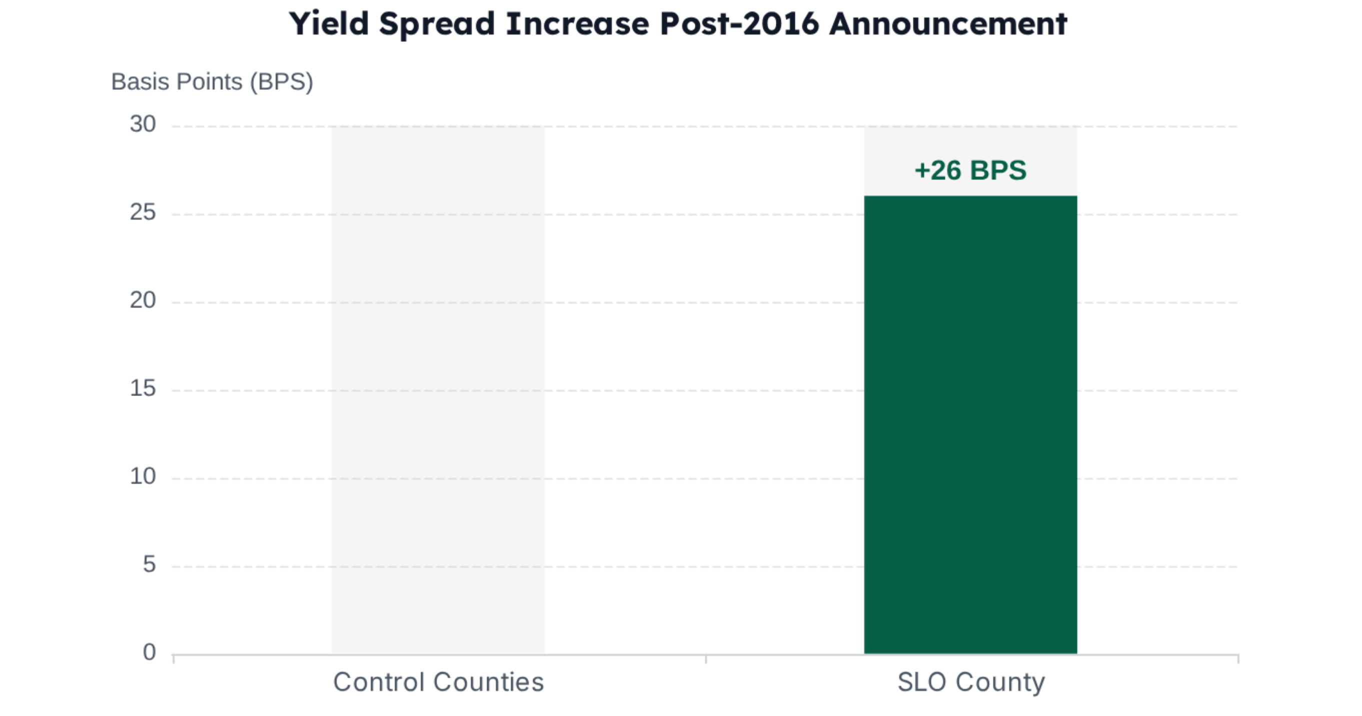
Control: Compared SLO County trades against neighboring California counties.

Risk Pricing & Significance

SLO County yield spreads rose 26 basis points (0.26%) relative to control groups.

High statistical significance with a p-value of 0.001.

Finding suggests investors priced in regional fiscal risks linked to plant retirement.



$396.3M
2024 BOND DEBT BASE

$1.03M
ADDL. ANNUAL INTEREST COST

> $20M
20-YEAR CUMULATIVE PREMIUM

Source: Attached Economic Impact Assessment, Sections 5.1–5.5; Table 5.1

Econometric Validation of Salary Linkages

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

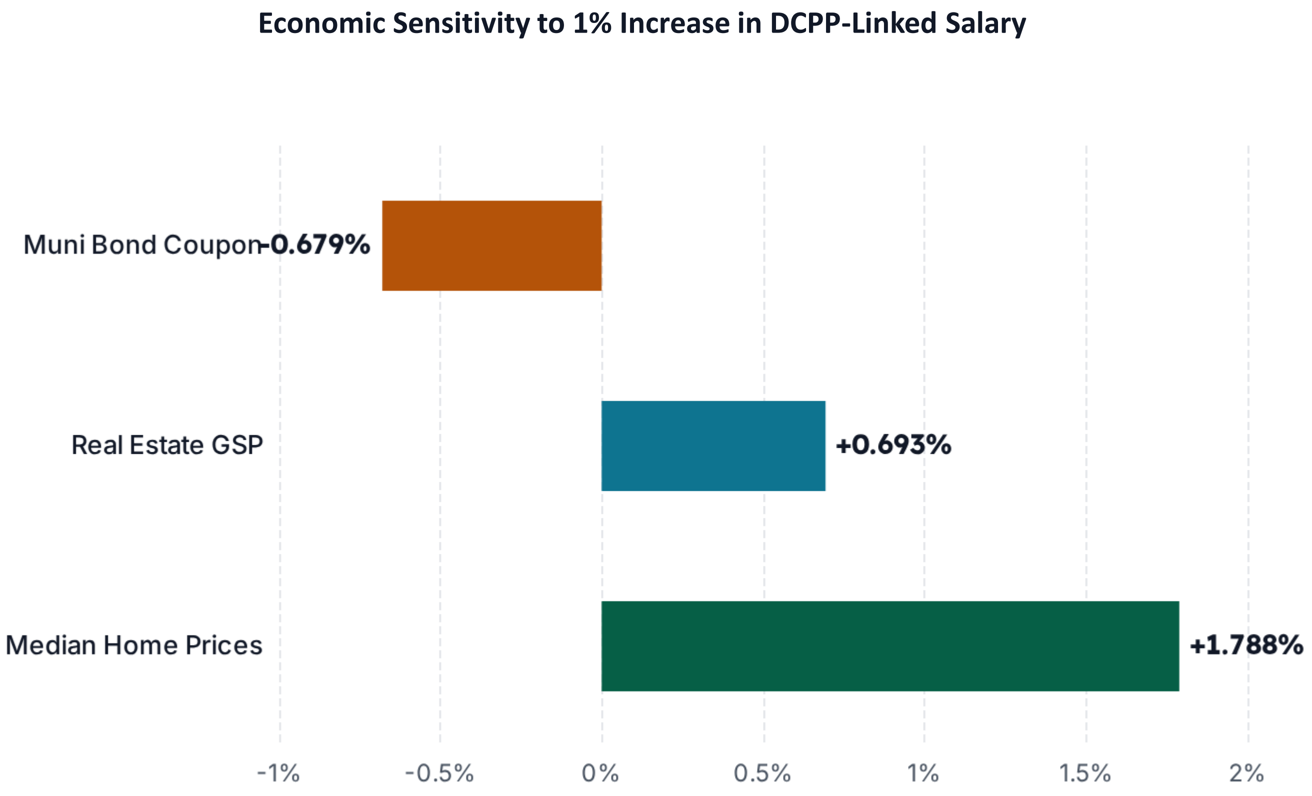
Model Parameters

- Data Scope: 28 ZIP codes and 947 ZIP-quarter observations (2015Q1–2024Q4).
- Fixed Effects: Uses ZIP fixed-effects to control for cross-sectional heterogeneity.
- Temporal Dynamics: Home prices respond contemporaneously; GSP follows annual cycles.

Model Performance

0.839	0.967	0.720
ADJ. R^2 (HOME)	ADJ. R^2 (GSP)	ADJ. R^2 (BOND)

High R-squared values confirm that salary is a dominant transmission channel for local economic effects.



Source: Attached Economic Impact Assessment, Appendix D, Tables 13.1 and 13.4–13.12

Policy and Stakeholder Recommendations

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

1

Streamline Housing and Infrastructure Delivery

Local governments should facilitate affordable housing by addressing impact fees and permitting delays, while investing in enabling services such as childcare to support the regional workforce.

2

Strengthen Workforce and Enterprise Partnerships

Civil society and regional stakeholders must expand public-private partnerships with Cal Poly and technology institutions to enhance specialized training and regional economic opportunity awareness.

3

Coordinate Integrated Planning and Transparency

The State and PG&E should align on long-term energy forecasts while improving transparent communication about fiscal effects and closure scenarios to enable stable local community planning.

Source: Attached Economic Impact Assessment, Section 7

Future Opportunities and Environmental Trade-offs

ECONOMIC IMPACT ASSESSMENT | 2024 REPORT

Strategic Future Service Opportunities

Energy Storage
Utilizing site for supply shifting and rate arbitrage to support grid stability.

Grid Reliability

Research Park
Developing a hub for clean energy innovation and technical collaboration.

Innovation Hub

Nuclear Training
Regional center for nuclear technology knowledge sharing and training.

Workforce Development

Desalination & H2
Exploring hydrogen production and industrial-scale water desalination.

Future Utilities

Recycled-Water Cooling Concept

96%
SEAWATER WITHDRAWAL REDUCTION

110 MGD
MAX RECLAIMED WATER CONSUMPTION

- Replaces current once-through cooling of ~2,500 million gallons per day.
- Operational Impact: Expected reduction in annual generation by ~5% (900 GWh).
- Infrastructure Costs: Estimated addition of $13–$16 per MWh to current system costs.
- Requires 15–30 miles of trunk pipelines and substantial regional economic activity.

Source: Attached Economic Impact Assessment, Section 8 and Appendix C (Table 12.1)

Thank you

Questions?

admin@bearecon.com

Project page:

https://tinyurl.com/2n9x59tx

www.bearecon.com