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California State Senate

SENATOR
JEFF STONE, PHARM.D.
TWENTY-EIGHTH SENATE DISTRICT



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ENVIRONMENTAL
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TRANSPORTATION

August 2, 2019

The Honorable Neil Chatterjee, Chairman
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

RE: MOTION TO INTERVENE – NEVADA HYDRO, INC. LEAPS PROJECT (P-14227-003)

Dear Chairman Chatterjee:

As State Senators representing approximately 2 million people in Riverside County, we would like to take this opportunity to express our intent to intervene in the project involving the proposed \$2 billion Lake Elsinore Advanced Pumped Storage (LEAPS) Project in Southwest Riverside County (Project Number P-14227-003).

This project has been the subject of intense public discussion for approximately 20 years, and the LEAPS project has been a controversial one since its inception. As state lawmakers, we understand that the Federal Energy Regulatory Commission (FERC) has a significant challenge ahead in deciding whether to move forward with a major infrastructure project in our local community. On one hand, Californians need a reliable, clean and renewable supply of energy. On the other hand, the people of Lake Elsinore and the surrounding communities are legitimately concerned about the potential impact such a major infrastructure project may have on the quality of life enjoyed by local residents and businesses.

As FERC begins a review of the new application submitted by Nevada Hydro Company, Inc. in its attempt to build the LEAPS project, our request is that special attention be paid to the expressed concerns raised by local elected officials, local tribal governments, community groups, environmental organizations and policy experts. Specifically, we would ask that the following points be considered by your Agency when considering whether or not to give federal approval to the project developers:

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Potential Wildfire Risk

In order for the LEAPS Project to be economically viable, it would require the construction of a 32-mile 500-kV transmission line. This proposed line would connect the project to an existing transmission line owned and operated by Southern California Edison (SCE) located north of the project to another transmission line in the south that is owned and operated by San Diego Gas and Electric (SDG&E).

We respectfully request that FERC carefully consider the wildfire risks that may arise with the construction of a major transmission line in the Cleveland National Forest before granting approval to the project. As you certainly understand, the people of California have become extremely sensitive to the risks of wildfires as a result of fallen transmission lines, and the State of California has worked hard to give people reasonable assurances that everything possible will be done to prevent future devastating wildfires. In fact, last year's Holy Fire in the Cleveland National Forest burned a large swath of the proposed LEAPS project area.

Specifically, we encourage FERC to would take steps to ensure a 32-mile 500kV transmission line and the transmission lines to which it would interconnect would be sufficiently hardened. We must make sure a line break or spark does not result in a catastrophic wildfire in the Cleveland National Forest.

Protection of Tribal Cultural Resources

As you undoubtedly are aware, the proposed LEAPS project has drawn opposition from the Pechanga Band of Luiseño Indians and the Soboba Band of Luiseño Indians. Our understanding is that the Tribes' opposition is largely centered on the construction and operation of the proposed LEAPS project, including its 32-miles of 200 foot tall transmission facilities, an upper reservoir in Decker Canyon along with a powerhouse capable of generating 500 megawatts by using water from Lake Elsinore, the largest natural freshwater lake in southern California. We are concerned that such a project may intrude on numerous sites considered sacred by the Tribes. As a result, we would request that a thorough examination of the impact on the Tribes' cultural resources be conducted, in consultation with the Tribes, prior to any approval of this project.

Economic Benefits

You are most certainly aware that California has embraced aggressive renewable energy goals. Under SB 100 that was passed and signed into law in 2018, California has set a renewable energy goal of 100% by 2045. While we appreciate the need for additional pumped storage projects in California, we remain concerned that recently completed studies conducted by the California Independent System Operator (CAISO) show that LEAPS might not meet the criteria

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associated with a reliable transmission project that is economically viable given a potentially unsatisfactory benefit-to-cost ratio level.

Because pumped storage in general is a tool that may very well help California reach this goal, we understand the desire to move forward with large-scale projects such as LEAPS. However, we also need to remind ourselves that Californians already pay some of the highest energy prices in the nation, and we need assurances that the ratepayers will not see their energy bills substantially increase with the LEAPS project. Prior to any approval of cost-recovery from the California Independent System Operator Corporation's (CAISO) transmission customers, we would request that the proposed project's potential reliability and long term economic viability be evaluated.

For these reasons, we respectfully request that FERC conduct a comprehensive economic analysis of the project. Ratepayers of Southern California Edison and San Diego Gas and Electric (as well as the various municipal power companies in the district) should not have to bear an increased burden in order to pay for the construction of the LEAPS project. It is our sincere hope that FERC will work closely with the CAISO to ensure any power purchase agreements with Investor Owned Utilities do not adversely impact local ratepayers.

In conclusion, we firmly believe that FERC is well suited to evaluate and determine the viability and efficacy of the LEAPS project. At minimum, we respectfully request that your agency carefully review the potential wildfire risks associated with the construction and operation of the project; consider the impact on sites deemed to be sacred by the sovereign Tribes; and conduct a thorough economic analysis of the project to ensure ratepayers are not adversely impacted.

Thank you for your consideration of our concerns, and please feel free to contact us with any questions.

Sincerely,



Senator Jeff Stone
State Senator, 28th District



Senator Richard Roth
State Senator, 31st District