

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Develop an
Electricity Integrated Resource Planning
Framework and to Coordinate and Refine Long-
Term Procurement Planning Requirements.

Rulemaking 16-02-007
(Filed February 11, 2016)

**REPLY COMMENTS OF EAGLE CREST ENERGY IN RESPONSE TO ALJ FITCH'S
MARCH 18, 2019 PROPOSED DECISION ADOPTING PREFERRED SYSTEM
PORTFOLIO AND PLAN FOR 2017-2018 INTEGRATED RESOURCE PLAN CYCLE**

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Eagle Crest Energy Company (“Eagle Crest”) submits these brief reply comments in response to Administrative Law Judge Julie Fitch’s Proposed Decision Adopting Preferred System Portfolio and Plan for 2017-2018 Integrated Resource Plan Cycle (“PD”). The PD represents a thoughtful and impressive effort that addresses many of the challenging questions facing the Commission and resolves them in a manner that will be useful in this and future Integrated Resource Planning (“IRP”) cycles. In these reply comments, Eagle Crest focuses its observations on a long standing concern: can the IRP process ensure timely procurement of long lead capital intensive projects like the 1300 MW Eagle Mountain pumped storage project Eagle Crest has been developing in eastern Riverside County and which will be needed in the future. A number of parties comment on these critical issues.¹

¹ We note in passing that one party, Defenders of Wildlife, attacks the Eagle Mountain project in its comments on the PD. These comments are not only off-base but also inaccurate. Defenders asserts the National Park Service (“NPS”) determined that the project would overdraft the desert aquifer underlying Joshua Tree National Park. Defenders at 7-8. The Eagle Mountain project was approved after a decade-long permitting process that involved rigorous environmental review by multiple federal and state agencies, including FERC, NPS and the California State Water Resources Control Board (“SWRCB”). In its most recent review, NPS published its view in December 2016 of the potential groundwater impacts of the Eagle Mountain Pumped Storage Project in the Final Environmental Assessment (“EA”) and the Finding of No Significant Impact (“FONSI”) for the Eagle Mountain Boundary Study including Possible Land Withdrawal Environmental Assessment. Contrary to Defender’s assertion, the EA and FONSI ultimately restate the SWRCB finding that the “Chuckwalla aquifer was not at risk.” Boundary Study/EA, page 181 and FONSI p. 59, *available at* <https://parkplanning.nps.gov/projectHome.cfm?projectID=59291>.

This is an issue that Eagle Crest has addressed in prior comments, most recently in our filing in response to the Assigned Commissioner and ALJ's Ruling Seeking Comment on Policy Issues and Options Related to Reliability. We observed there that the challenges facing the State to achieve its GHG objectives, particularly in light of SB100, make clear the need for long duration bulk storage, like pumped storage. In those comments, we noted the formidable challenges to procurement of such assets given the burgeoning numbers of CCAs assuming the traditional procurement role of California's three IOUs. These organizations are unlikely to have the financial wherewithal let alone sufficient load to ever be able to procure long duration bulk storage like Eagle Mountain, making development of such resources highly uncertain.²

Eagle Crest was gratified to see the attention paid in the PD to these issues and welcomes the contemplated procurement track going forward. Many parties filed comments supporting the new track, including CESA, CEERT, National Grid, Range and even Defenders of Wildlife.³ Eagle Crest joins in that sentiment. We also join in comments filed by a number of parties supporting the PD's identification of a possible need for establishing a central procurement authority to ensure certain types of resources are procured even though discussions to date have focused on the procurement of resource adequacy ("RA") resources.⁴

While we welcome these developments, the comments filed by a variety of parties underscore a continuing concern that the procurement track proposed in the PD will not realistically lead to the timely development of long duration bulk storage. It is already clear from the CCA community, at least as reflected in the comments of California Community Choice Association ("CCCA"), that there is a fight brewing between the CCAs and the CPUC on whether the CPUC can compel the CCAs to procure particular resources. In particular, CCCA

As a further aside, we find it unfortunate that Defenders is apparently unwilling to discuss these issues directly with Eagle Crest and instead attack the project in a collateral proceeding having nothing to do with any of the project's alleged environmental impacts.

² See Comments of Eagle Crest Energy in Response to Ruling Seeking Comment on Policy Issues and Options Related to Reliability (filed on 12/20/2018), *available at* <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M254/K771/254771004.PDF>.

³ Indeed, Defenders not only applauds the PD's recommended procurement track but also embraces as a general matter the need for pumped storage projects that "can provide a grid benefit by complementing intermittent renewable resources such as wind and solar." Defenders at 7.

⁴ See D. 18-06-030.

asserts “SB350 does not give the Commission the authority to order any CCA procurement, including procurement of renewable integration resources.”⁵ We express no view on the merits of this position other than to note concern that this uncertainty is likely to further impede the formidable obstacles that already stand in the way of development of long duration bulk storage.

Similarly, discussion in the PD and associated supportive comments by multiple parties in favor of a central procurement authority seem equally distant on the horizon given CCCA’s view on the CPUC’s authority. Opposition by CCCA of a central procurement authority highlights how much must still be settled before procurement can actually begin, particularly given the degree to which CCAs will soon constitute the majority load serving entity in California. Against that backdrop, Eagle Crest suggests that it may be time to consider alternative approaches to ensure the development of long duration bulk storage, including looking to an existing entity to carry out such procurement.⁶

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Eagle Crest appreciates the opportunity to provide these reply comments on the very important issues addressed in the PD.

Respectfully submitted,

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⁵ CCCA Comments at 13.

⁶ Such approaches might, for example, include SB772, which contemplates the CAISO having responsible for the procurement responsibility for long duration bulk storage over the next few years.