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08-02-10
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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of The Nevada / Application 10-07-001
Hydro Company for a Certificate of Public / (Filed July 6 , 2010)
Convenience and Necessity for the Talega- /
Escondido/Valley-Serrano 500 kV Interconnect /

**JOHN PECORA'S PROTEST TO THE APPLICATION AND
PROONENTS ENVIRONMENTAL ASSESSMENT FOR THE
TALEGA- ESCONDIDO/VALLEY-SERRANO 500 KV INTERCONNECT**

JULY 30, 2010

John Pecora
16336 Grand Ave.
Lake Elsinore, CA 92530
951-678-3171 Telephone/Fax
johnpecora100@ca.rr.com

I. INTRODUCTION

I assert the information contained in The Nevada Hydro Company (TNHC) Proponents Environmental Assessment (PEA) is insufficient and omits key information about the Talega-Escondido/Valley-Serrano 500 Kv Interconnect and the Lake Elsinore Advanced Pumped Storage project (TE/VS-LEAPS) project. Due to the size and complexity of TNHC's PEA filed on July 6, 2010, these comments do not attempt to provide a response to the substantive environmental analysis in the PEA, but rather comment on a few policy justifications and factual submissions in TNHC's application. I reserve the right to raise further objections and intend to participate fully in the hearings on the TE/VS-LEAPS Project.

II. DISCUSSION

The California Public Utilities Commission (CPUC) consideration for the TE/VS-LEAPS Application should be made contingent on the development of TE/VS-LEAPS as one project. The CPUC must agree with TNHC that the TE/VS transmission lines and LEAPS are one project and the entire project is a transmission asset. TNHC clearly states that distinction in their response to the California Independent Systems Operator (CAISO) comments on Federal Energy Regulatory Commission (FERC) rate application ER-06-278-000 in Ascension Number 20070622-5065 response dated June 22, 2007. TNHC admits on page 13 that the LEAPS project is a transmission line "Pumped hydro stores electricity just as storage fields store natural gas. Just as gas storage is transmission, **electricity storage is transmission as well**. Storage is a function of shipment, not energy production. CAISO's 'leap of faith' hyperbole notwithstanding, EPAct 2005 mandates, and Commission precedent soundly supports, treatment of energy storage as transmission. Indeed, it would be illogical to treat it otherwise. And so, contrary to CAISO's argument, 'clear legal mandates' do support TNHC's request." On Page 9, 10, 11 TNHC insists that LEAPS is not an electrical generating facility: " **III. IN FACT AND UNDER**

COMMISSION JURISPRUDENCE, LEAPS IS A TRANSMISSION FACILITY, WHICH

SHOULD BE PERMITTED TO RECOVER COST-BASED RATES UNDER THE TAC

LEAPS, physically, is an energy storage device, capable of producing no net energy. And, as explained below, treatment of storage as transmission comports with the Commission's "traditional" treatment of natural gas storage as jurisdictional transmission.

A. In Fact, LEAPS Is A Storage Device Capable Of Producing No Net Energy.

Contrary to CAISO's insistence that LEAPS is traditional generation and its implication that Congress has 'dubbed' as transmission something that is not transmission, LEAPS is a pumped hydro energy storage device that can generate no net energy. During off-peak periods (when power is readily available), the device utilizes electric energy to pump water through a penstock into an elevated reservoir (atop an adjacent mountain). During peak periods, the same water is released from the same reservoir down the same penstock to produce electric energy (and capacity and ancillary services). Although the value of the produced peak energy exceeds the cost of the off-peak pumping energy, the device yields no net electricity production whatsoever. Plainly, CAISO does not grasp (or declines to admit) the physical characteristics and limits of the device. CAISO's entire position rests on its false contention that the 'primary purpose of the pumped storage facility is to convert stored water to electricity and to provide Ancillary Services, services that are typically provided by Generating Units.' CAISO ignores the critical fact that the device was first required to expend at least as much electricity to pump the water into storage before it could produce a single watt. Unlike hydroelectric plants at dams and on rivers that convert the energy in flowing water into electricity, pumped hydro sits next to a stagnant body of water that can produce no energy at all. Because the unit must pump that water upwards before generating electricity from the flow downwards, the unit can create no net water flow and no net energy. Consequently, it cannot be said to generate electricity on any net basis.

CAISO is aware of the distinction; conceding that LEAPS has attributes of both a 'generator and a load', but then ignores the very distinction it concedes. Generators have no load attributes (except for immaterial start-up power). The load attribute of pumped hydro storage, by contrast, nullifies any net generation capability. Any other conclusion would defy the laws of physics. Only by ignoring the critical distinction – embodied in EPCRA 2005 itself – between generation on one hand and storage on the other, can CAISO make its smoke and mirrors argument that 'the services [pumped hydro] provides in the market are services that are generally provided by generating facilities not transmission facilities.' Indeed, if distinctions are cast aside, it could be argued that a transmission wire itself delivers energy just like a generator, and therefore is a generator. But a wire is not a generator, and neither is an energy storage device."

TNHC identifies specific components of a pumped storage transmission asset in section **2.1.1 Project Objectives** of this current PEA "A pumped storage facility requires a number of specific component parts. Among those, there must exist, or there must exist the ability to construct, both an upper (forebay) and lower (afterbay) reservoir in close proximity and separated by sufficient height differential (head) to effectively operate. In describing pumped storage facilities, the FERC notes that this type of facility is particularly effective at sites having high heads (i.e., large differences in elevation between the upper and lower reservoir). In 1990, the Tudor Engineering Company (TEC) published a reconnaissance level investigation which identified the potential to construct a pumped storage hydropower project in the Elsinore Mountains, in proximity to Lake Elsinore. As indicated therein, "[p]umped storage units are used by various utilities to mitigate the effects of daily peaking problems. The southwest region of California, however, has few sites that can be utilized for pumped storage, either because of insufficient or varying water supplies or an unacceptable elevation between the upper and lower reservoirs." TNHC fails to address the key issue "of insufficient or varying water supplies" and

without water this project cannot "transmit" electricity.

In fact, on page 5-188 of this application TNHC states, "Because lake level stabilization is a necessary condition of LEAPS operation, a long-term water purchase agreement, or similar document, **will be executed** with the EVMWD and/or other water providers in order to ensure the long-term availability of water in Lake Elsinore at elevations above 1240-feet above msl. Since no significant impacts have been identified, no mitigation is required." TNHC bases its hopes for a stabilized lake on the premise that an agreement for and availability of water to maintain Lake Elsinore within operational parameters will be executed in the future. Clearly this is a violation of the CEQA mandate to address the "whole of the project".

III. CONCLUSION

This PEA submission by TNHC again fails to provide adequate information to comply with the information and public participation requirements of CEQA. The TNHC application also fails to provide a compelling justification for the CPUC to continue evaluating the impacts and efficacy of the TE/VS -LEAPS project. The current economic recession demands prudence of the CPUC and deny this application to reduce the expenditure of public and private resources, including but not limited to the California State Water Resources Board, The Federal Energy Regulatory Commission, the United States Forestry Service, all the stake holders, all the private individuals and entities and the CPUC. In light of the comments I have made and the persistent inadequacy of TNHC's submissions to the CPUC, I submit the CPUC rule to dismiss TNHC's TE/VS -LEAPS application A1007001 with prejudice.

Dated: July 30, 2010

Respectfully submitted,

/s/ John Pecora

John Pecora

Certification of Service

I, John Pecora, hereby certify that I have on this 9th day of August 2010 caused a copy of the foregoing

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to be served on all parties on the attached service list via e-mail and via U.S. mail to those without e-mail service.

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this day August 9, 2010 at Lake Elsinore, California

/s/ John Pecora

John Pecora

COMPANY List Name: LIST Last changed: August 6, 2010

Parties

ROBERT KANG
SOUTHERN CALIFORNIA EDISON
2244 WLNUT GROVE AVE., PO BOX 800
ROSEMEAD, CA 91770
FOR: SOUTHERN CALIFORNIA EDISON COMPANY

DAVID KATES
THE NEVADA HYDRO COMPANY
2416 CADES WAY
VISTA, CA 92083
FOR: THE NEVADA HYDRO COMPANY

CHARITY SCHILLER
BEST BEST & KRIEGER LLP
3750 UNIVERSITY AVENUE
RIVERSIDE, CA 92502-1028
FOR: ELSINORE VALLEY MUNICIPAL WATER
DISTRICT

GENE FRICK
4271 BAGGETT DR
RIVERSIDE, CA 92505
FOR: SANTA ANA MOUNTAINS TASK FORCE
THE SIERRA CLUB/FRIENDS OF THE
Forest (TRABUCO DISTRICT)/THE
SANTA ROSA PLATEAU

JACQUELINE AYER
40701 ORTEGA HIGHWAY
LAKE ELSINORE, CA 92530
FOR: FOREST RESIDENTS OPPOSING NEW
SOCIETY
TRANSMISSION LINES (FRONTLINES)

LINDA LOU RIDENOUR
33628 BRAND ST.
LAKE ELSINORE, CA 92530
FOR: LAKE ELSINORE HISTORICAL

MARTIN RIDENOUR
33628 BRAND ST.
LAKE ELSINORE, CA 92530
FOR: BUTTERFIELD MULTIUSE TRAILS

JONATHAN EVANS
CENTER FOR BIOLOGICAL DIVERSITY
351 CALIFORNIA ST., SUITE 600
SAN FRANCISCO, CA 94104
FOR: CENTER FOR BIOLOGICAL
DIVERSITY

Information Only

MRW & ASSOCIATES, LLC
EMAIL ONLY
EMAIL ONLY, CA 00000

JOHN BUSE
CENTER FOR BIOLOGICAL DIVERSITY
5656 S. DORCHESTER AVE. NO 3
CHICAGO, IL 60637

MAYA LOPEZ GRASSE
4209 E. VERMONT ST.
LONG BEACH, CA 90814

DON LIDDELL
DOUGLASS & LIDDELL
2928 2ND AVENUE
SAN DIEGO, CA 92103

KEVIN O'BEIRNE
REGULATORY CASE MGR.
SAN DIEGO GAS & ELECTRIC COMPANY
CP31-E
8330 CENTURY PARK COURT, CP32D
SAN DIEGO, CA 92123

CENTRAL FILES
SAN DIEGO GAS AND ELECTRIC COMPANY
8330 CENTURY PARK CT, CP32D, RM
SAN DIEGO, CA 92123-1530

JOHN E. BROWN
BEST BEST & KRIEGER LLP

CALIFORNIA ENERGY MARKETS
425 DIVISADERO ST. STE 303

3750 UNIVERSITY AVENUE, SUITE 400
RIVERSIDE, CA 92502
FOR: ELSINORE VALLEY MUNICIPAL WATER
DISTRICT

SAN FRANCISCO, CA 94117-2242

State Service

ANGELA K. MINKIN
CALIF PUBLIC UTILITIES COMMISSION
DIVISION OF ADMINISTRATIVE LAW JUDGES
ROOM 5017
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214

GREGORY HEIDEN
CALIF PUBLIC UTILITIES COMMISSION
LEGAL DIVISION
ROOM 5039
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3214