



June 23, 2020

The Honorable Gavin Newsom, Governor  
 Ann O’Leary, Co-Chair, Task Force on Business and Jobs Recovery  
 Tom Steyer, Co-Chair, Task Force on Business and Jobs Recovery  
 Office of the Governor, State Capitol  
 Sacramento, CA 95814

**Re: Opposition to NextEra’s Eagle Crest Pumped Storage Project Bailout**

Dear Governor Newsom, Ms. O’Leary and Mr. Steyer:

Thank you for your efforts to ensure the State of California recovers from the COVID-19 pandemic as quickly and safely as possible. The goal of crafting “ideas for short, medium, and long-term solutions that reflect communities across the state, and emphasize a fair and equitable recovery” is not an easy task; however, with the wide range of impactful thought leaders on the Task Force and stakeholder input from many industries, we trust that you will be successful in reaching your goals in revitalizing California’s economy through necessary and cost-effective investment in infrastructure. In this context, we have concerns about a specific proposal: The Eagle Crest Pumped Storage Project.

In addition to perspectives our organizations and constituencies have independently shared with the Task Force, we write today as part of a diverse coalition representing environmental, clean energy, ratepayer, utility and agricultural interests, **united** in opposing NextEra’s repeated efforts to seek a state-sanctioned bailout of its proposed Eagle Crest Pumped Storage Project.<sup>1</sup>

Having failed in the Senate and Assembly, with four separate legislative attempts, project backers now request that the Task Force intervene to ensure the Eagle Crest project is constructed. We urge you to reject this effort to manipulate the energy marketplace and force a project that has failed to succeed in the open marketplace because it proposes substantial economic harm to ratepayers and environmental damage to Joshua Tree National Park.

<sup>1</sup> See recent letters attached: 6-10-20 letter from California Municipal Utilities Association, Southern California Public Power Authority and Northern California Power Agency to Task Force, and 5-24-20 and 4-28-20 Coalition letters to the Assembly.

Over the past 3 years, Florida-based NextEra has sought state legislation that would circumvent the established regulatory process and force California ratepayers to spend over \$3 billion to bail out the struggling, unnecessary project. Earlier this month, the most recent attempt at a bail out was stopped in the Assembly, marking the fourth time NextEra's proposal was rejected. Lawmakers have repeatedly realized that saddling ratepayers with billions in unnecessary costs for an expensive project during a pandemic is politics and policy at its worst.

The reality is our state's regulatory process, the Integrated Resource Plan (IRP), required by SB 100, to meet California's aggressive climate change goals is working. The IRP process has determined a need for long-duration energy storage, of which pumped storage is one technology, and a timeframe for project deployment. However, it has **not** determined that the enormous 1300-Megawatt Eagle Crest Project is needed or cost-effective. It should not be afforded special treatment through the work of this Task Force.

In response to the IRP process, California's Community Choice Aggregators have initiated a Request for Information to guide long-duration energy storage procurement. Other Load Serving Entities are following suit. NextEra's desire to work outside the state process signals that the project cannot fairly compete with long duration storage projects that are better sited and suited to meet our climate change goals without unnecessary rate increases.

As we have previously noted to the Legislature:

- The California Independent System Operator (CAISO) already utilizes its existing Transmission Planning Process to determine transmission-related needs. Any proposal directing CAISO to solicit long-duration bulk storage, paid for completely by users of the CAISO transmission system, would cost **billions of dollars** without a clear benefit to all transmission users.
- California already suffers from an affordability crisis – given current economic hardships facing Californians, we simply cannot **saddle ratepayers with additional costs** for a special interest project.
- California utilities already determine their system needs through legislatively mandated (SB 100) Integrated Resource Plans and the California Public Utilities Commission just issued its new IRP decision which includes pumped storage, *highlighting that a **one-off fiat** is not needed to ensure we meet our clean energy goals.*
- Rates will also be going up due to needed investments in hardening the transmission and distribution systems, as well as providing local resiliency due to wildfire threats.
- Environmental risks and issues are not factored appropriately with forced procurement of the long-struggling Eagle Crest project, which carries **significant environmental impacts** including overdraft of protected desert groundwater aquifers, wildlife and fauna impacts, as well as encroachment on endangered species habitat and Native American cultural resources.
- The Legislature has **already rejected** multiple proposals to benefit Eagle Crest, specifically AB 2787 (2018), SB 772 (2019), AB 2255 (2020) and AB 2736 (2020).

The important work of the Task Force on Business and Jobs Recovery should not be hijacked by an expensive project that has failed to get legislative support and seeks to circumvent the well-established regulatory process designed to provide needed clean investment in California's electric infrastructure. We strongly urge you to reject further consideration of the Eagle Crest Pumped Storage Project.

Michael Boccadoro  
**Agricultural Energy Consumers Association**

Pam Flick  
**Defenders of Wildlife**

Juan Altamirano  
**Audubon California**

Bill Allayaud  
**Environmental Working Group**

Kevin Emmerich  
**Basin and Range Watch**

Meg Foley  
**Friends of Big Morongo Canyon Preserve**

Kelly Catlett  
**California Hydropower Reform Coalition**

Jan Smutny-Jones  
**Independent Energy Producers Association**

Audra Hartmann  
**California Large Energy Consumers Association**

Shannon Eddy  
**Large-Scale Solar Association**

Melissa Romero  
**California League of Conservation Voters**

Geary Hund  
**Mojave Desert Land Trust**

Mayte Sanchez  
**California Manufacturers & Technology Association**

Steve Bardwell  
**Morongo Basin Conservation Association**

Nick Jensen  
**California Native Plant Society**

Neal Desai  
**National Parks Conservation Association**

Chris Shutes  
**California Sportfishing Protection Alliance**

Michael Madrigal  
**Native American Land Conservancy**

Linda Castro  
**California Wilderness Coalition**

Matthew Baker  
**Planning and Conservation League**

Ileene Anderson  
**Center for Biological Diversity**

Lauren Cullum  
**Sierra Club California**

Garry Brown  
**Coachella Valley Waterkeeper  
Inland Empire Waterkeeper**

Lucas Frerichs  
**The Nature Conservancy**

Phil Francis  
**Coalition to Protect America's National Parks**

Kate Hoit  
**Vet Voice Foundation**

Laura Cunningham  
**Western Watersheds Project**

Attached:

- 6-10-20 letter from California Municipal Utilities Association, Southern California Public Power Authority and Northern California Power Agency to Task Force
- 5-24-20 and 4-28-20 Coalition letters to the Assembly

Cc:

Assembly Speaker Anthony Rendon  
Senate President pro Tempore Toni Atkins  
U.S. Senator Dianne Feinstein  
U.S. Senator Kamala Harris



June 10, 2020

Governor Gavin Newsom  
Ann O'Leary, Chief of Staff, Office of the Governor  
Tom Steyer, Co-Chair, Task Force on Business and Jobs Recovery  
Office of the Governor, State Capitol  
Sacramento, CA 95814

**RE: Response to Letter from Long Duration Energy Storage Association of California**

Dear Governor Newsom, Ms. O'Leary, and Mr. Steyer,

The California Municipal Utilities Association, the Southern California Public Power Authority, and the Northern California Power Agency, which collectively represent not-for-profit publicly owned electric utilities (POUs) providing electric service to nearly 25% of California, submit this letter in response to the Long Duration Energy Storage Association of California's (LDESAC) June 1<sup>st</sup> letter requesting that you take certain actions to advance long duration energy storage projects.

The POUs are leaders in helping California meet its ambitious climate change goals. According to the California Air Resources Board's greenhouse gas emissions inventory, electricity sector emissions continue to drop year after year and more than any other sector. As POUs continue to reduce their emissions, they understand that resource diversification will be needed to ensure a reliable power supply, including long duration energy storage under certain conditions.

Current state law already directs POUs to procure adequate resources and to craft integrated resource plans, which must consider energy storage needs. The state's locally-governed POUs use transparent, public processes for selecting projects that are well-suited to serve their specific community's needs—weighing resource emissions, reliability, local economic impacts, and cost as key factors. In addition, the state's energy planning agencies are mandated by SB 100 (de Leon, 2018) to conduct an assessment of achieving a 100% zero-carbon retail electric supply. Through these requirements, the POUs have successfully established balanced energy portfolios that accommodate the integration of intermittent renewable energy while keeping rates affordable for our customers. **Any action to mandate that POUs procure long duration energy storage, or any other resource or technology, would hinder their ability to consider local priorities and needs.**

Our organizations have continually and steadfastly challenged legislative proposals that would mandate POUs to procure—and force POU ratepayers to pay for—expensive energy they may not even want or need. As the Task Force on Business and Jobs Recovery evaluates proposals to stimulate California's economy, we urge you to reject any proposals to mandate the procurement of specific resources or technologies. These proposals will only raise costs and further burden POU customers who have already been hard hit by the economic impacts of this ongoing pandemic without achieving further emissions reduction benefits.

The Legislature has already rejected three legislative proposals that sought to implement many of the components contained in the LDESAC's letter. For your reference, our letters of opposition to those legislative proposals are attached.

California POU's are committed to providing affordable, reliable, and sustainable electricity for their customers. Affordability, now more than ever, is critical. POU's and their customers already face many cost pressures, including escalating transmission costs, renewable energy procurement costs, electrification of transportation and buildings, expanded energy efficiency programs, wildfire mitigation costs, and more. The economic recession caused by the COVID-19 pandemic has added yet another layer of cost pressures as households and businesses around the state struggle to pay their bills, including utility bills. Now is not the time to enact new policies that are not needed by the electricity sector—like the one proposed by LDSEC—that would add additional layers of cost.

We appreciate your willingness to consider our concerns with this particular issue, and we look forward to continuing to work with you on a spectrum of other important issues under your purview as you proceed with the challenging process of identifying and implementing solutions to reinvigorate California's economy. For your reference, the California Municipal Utilities Association has also submitted seven Economic Recovery Principles to Guide the Role of Clean Energy, and they are attached to this letter. We welcome the opportunity to discuss our perspective further.

Sincerely,



**BARRY J. MOLINE**  
Executive Director, CMUA



**MICHAEL S. WEBSTER**  
Executive Director, SCPA



**RANDY S. HOWARD**  
General Manager, NCPA

cc: Senate President pro Tempore Toni Atkins  
Assembly Speaker Anthony Rendon  
Senate Majority Leader Bob Hertzberg  
Senate Republican Leader Shannon Grove  
Assembly Republican Leader Marie Waldron  
Senator Ben Hueso, Chair of the Senate Energy, Utilities and Communications Committee  
Assemblymember Chris Holden, Chair of the Assembly Utilities and Energy Committee

Attachments



May 24, 2020

## OPPOSE AB 2736 (E. GARCIA)

As amended May 18, 2020

The above-listed organizations OPPOSE AB 2736 as amended May 18, 2020, which seeks to greenlight and greenwash NextEra's controversial Eagle Crest project. AB 2736 will not protect the environment and will do nothing to protect California ratepayers.

- AB 2736 simply restates language within the Eagle Crest Federal Energy Regulatory Commission (FERC) license in efforts to greenwash NextEra's Eagle Crest procurement mandate effort legislation that has **already been rejected** multiple times by the legislature: AB 2787 (2018), SB 772 (2019) and most recently AB 2255 (2020)).
- AB 2736 relaxes groundwater pumping limits at Joshua Tree National Park, incentivizes harm to this national park by limiting penalties for permit violations, and fails to protect ratepayers from an unnecessary project and costs.
- AB 2736 responds to the pandemic and associated economic fallout by forcing the State to spend its limited resources on a series of costly activities, including some that the Water, Parks, & Wildlife Committee Analysis noted as being pre-empted by federal law.
- AB 2736, through its Findings and Declarations, is a technology and project specific procurement policy for the CPUC to prioritize Eagle Crest.
- This bill redefines California's clean energy approach from 'we can protect our national parks, scarce groundwater and ratepayers in our clean energy future' to 'let's establish a maximum fine of \$1M in exchange for a \$3B ratepayer-funded, out-of-state corporate bailout that also harms Joshua Tree.'
- California already suffers from an affordability crisis – given current economic hardships facing Californians, we cannot **saddle Californians with additional costs** for a special interest project.

**WE REMAIN UNITED IN OPPOSITION TO LEGISLATION THAT BYPASSES ESTABLISHED STATE POLICIES TO  
BENEFIT THE EAGLE CREST PUMP HYDRO PLANT**

Michael Boccadoro  
**Agricultural Energy Consumers Association**

Juan Altamirano  
**Audubon California**

Kevin Emmerich  
**Basin and Range Watch**

Trudi Hughes  
**California League of Food Producers**

Kelly Catlett  
**California Hydropower Reform Coalition**

Melissa Romero  
**California League of Conservation Voters**

Nick Jensen  
**California Native Plant Society**

Chris Shutes  
**California Sportfishing Protection Alliance**

Ryan Henson  
**California Wilderness Coalition**

Ileene Anderson  
**Center for Biological Diversity**

Phil Francis  
**Coalition to Protect America's National Parks**

Pam Flick  
**Defenders of Wildlife**

Bill Allayaud  
**Environmental Working Group**

Jon Norman  
**Hydrostor**

Jan Smutny-Jones  
**Independent Energy Producers Association**

Shannon Eddy  
**Large-Scale Solar Association**

Geary Hund  
**Mojave Desert Land Trust**

Steve Bardwell  
**Morongo Basin Conservation Association**

Neal Desai  
**National Parks Conservation Association**

Michael Madrigal  
**Native American Land Conservancy**

Sarah Taheri  
**Northern California Power Agency**

Matthew Baker  
**Planning and Conservation League**

Lauren Cullum  
**Sierra Club California**

Rick Umoff  
**Solar Energy Industries Association**

Amy Mmagu  
**Southern California Public Power Authority**

Lucas Frerichs  
**The Nature Conservancy**

Kate Hoit  
**Vet Voice Foundation**

Laura Cunningham  
**Western Watersheds Project**



April 28, 2020

## OPPOSE AB 2255 (EGGMAN)

As proposed to be amended with the language from RN 20 09433 dated 03/03/2020

- California utilities already determine their system needs through legislatively mandated Integrated Resource Plans and the California Public Utilities Commission just issued their new IRP decision which includes pumped storage. **A one-off legislative fiat** is not needed to ensure we meet our clean energy goals.
- The California Independent System Operator (CAISO) already utilizes its existing Transmission Planning Process to determine transmission-related needs which includes the assessment for specific resources. Any proposal directing CAISO to solicit long-duration bulk storage, paid for by users of the CAISO transmission system, would cost **BILLIONS OF DOLLARS** without a clear benefit.
- California already suffers from an affordability crisis – given current economic hardships facing Californians, we simply cannot **saddle ratepayers with additional costs** for a special interest project for an out of state corporation.
- Environmental risks and issues are not factored appropriately with forced procurement. For example, the long-struggling Eagle Crest project carries **significant environmental impacts** including overdraft of protected desert groundwater aquifers, wildlife and fauna impacts, as well as encroachment on endangered species habitat.
- Sacred sites** have been identified at potential long duration bulk storage project sites.
- The Legislature has **already rejected** multiple “study” proposals that are in reality mandates for expensive long duration bulk storage, AB 2787 (2018) and most recently SB 772 (2019).

**FOR THESE REASONS, WE REMAIN UNITED IN OPPOSITION TO LEGISLATION THAT BYPASSES ESTABLISHED STATE POLICIES TO BENEFIT SELECTED BULK STORAGE PROJECTS.**