

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

Order Instituting Rulemaking to Integrate and
Refine Procurement Policies and Consider
Long-Term Procurement Plans

Rulemaking No. 12-03-014

(Filed March 22, 2012)

**MOTION OF EAGLE CREST ENERGY COMPANY
FOR PARTY STATUS**

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Pursuant to Rule 1.4(a)(4) and Rule 11.1(b) of the Commission’s Rules of Practice and Procedure, Eagle Crest Energy Company (“Eagle Crest”) hereby moves to become a party in the above-referenced proceeding.

I. BACKGROUND

Eagle Crest is developing the 1,300 MW Eagle Mountain Pumped Storage Project (the “Eagle Mountain Project” or the “Project”) near Desert Center, California and has nearly completed the licensing process before the Federal Energy Regulatory Commission (“FERC”). The Eagle Mountain Project will be located on the site of the largely inactive former Eagle Mountain iron ore mine, using two former mine pits as the upper and lower reservoirs. The Project is designed as a closed loop pumped hydroelectric project, meaning that it would not be located on a perennial river or have a surface water connection to other bodies of water, thereby avoiding many of the environmental issues raised by other hydroelectric generation or pumped hydro storage facilities that do have such connections to other bodies of water. By utilizing a closed loop process at a brownfield industrial site, the Eagle Mountain Project can provide the electric grid with up to 22,000 MWh of highly dispatchable, fast ramping energy or load each day with minimal environmental impacts and considerable economic benefits for eastern Riverside County.

The Eagle Mountain Project is ideally suited to California’s evolving energy needs. It will be sited near the existing Palo Verde transmission corridor, as well as several solar projects that are either already in operation or under construction. Eagle Crest is designing the Project to provide fast ramping response (both in energy generation mode and in energy storage / pump mode), with the ability to provide the California Independent Service Operator (“CAISO”) with up or down ramps as quick as 10 MW per second. In so doing, the Project will be able to very effectively provide ancillary services and to integrate wind and solar production in Southern

California, especially during the critical morning and evening ramp periods. Once in operation, the Eagle Mountain Project will be able to provide maximum generating discharge for over eighteen hours, and will also provide an effective “sink” for energy at times of projected periods of renewable over-generation conditions. In other words, the Project offers the unique benefit of being able to capture excess energy during off-peak hours or during periods of renewable over-generation and to use that energy to provide clean on-peak power. Its storage technology and strategic location will thus enable and enhance realization of the State’s renewable power policy goals. A resource with the ability to provide such flexible load to the system has an inherent advantage in future high-penetration renewable scenarios by avoiding the need to curtail such valuable renewables.

In the process, the Eagle Mountain Project would play a key role in helping the State achieve its GHG objectives while maintaining a reliable electric grid, an increasingly challenging prospect considering the loss of the San Onofre Nuclear Generating Station (“SONGS”), the pending retirements of once-through-cooled thermal generating plants, and the dramatic increases in renewable energy production. Doing so without undue reliance on increased fossil fuel-fired generation makes this all the more difficult.¹ Pumped storage facilities generally and the Eagle Mountain Project specifically will offer an important resource to accomplishing these challenging goals by providing improved demand-side management capabilities to the grid and allow the more effective integration of renewable generation.

¹ See, e.g., August 30, 2013 Draft Preliminary Reliability Plan for LA Basin and San Diego, Prepared by Staff of the California Public Utilities Commission, California Energy Commission, and California Independent System Operator (the “Joint Agencies”), *available at*: http://www.energy.ca.gov/2013_energypolicy/documents/201309-09_workshop/2013-08-30_prelim_plan.pdf at p. 2 (setting forth the objective to “procure/develop about 3,250 MW of preferred resources -- local energy efficiency, demand response, renewable generation, combined heat and power, and storage – for a target of about 50% of needs) (emphasis added).

II. EAGLE CREST'S INTEREST IN THE PROCEEDING

Eagle Crest's development of the Eagle Mountain Project may be directly influenced by the Commission's actions in this Long Term Procurement Plan (LTPP) proceeding. In particular, whether and how the Commission incorporates consideration of pumped hydroelectric storage solutions into its final decision in Track 4 of the proceeding could have significant impact on future procurement opportunities for pumped hydro projects such as the Eagle Mountain Project.

The Commission itself has recognized the importance of the LTPP proceeding for consideration of pumped hydro storage. In Decision 13-10-040, which was recently adopted unanimously by the Commission in its energy storage rulemaking 10-12-007, the Commission explained that developments currently underway in this LTPP proceeding "suggest that there will be procurement of energy storage projects outside of the Storage Framework." (D.13-10-040 at p. 34.) The Commission further stated that it "strongly encourage(s) the utilities to explore opportunities to partner with developers to install large-scale pumped storage projects where they make sense within the other general procurement efforts underway in the context of the LTPP proceeding or elsewhere." (*Id.* at p. 36.)²

Through testimony and comments filed in recent weeks, various parties to this proceeding, including the Independent Energy Producers Association, the California Energy Storage Alliance, Alton Energy, Inc., and the Nevada Hydro Company, have introduced into the record of this proceeding issues pertaining to the procurement of pumped hydro projects and posed more generally issues related to the role of and opportunity for pumped storage to be part of the IOUs procurement efforts. Accordingly, Eagle Crest has an interest in this proceeding.

² Eagle Crest is a party to the Energy Storage Proceeding.

Eagle Crest appreciates the window for filing testimony in this proceeding has passed and would not, therefore, seek to introduce opening or reply testimony in this proceeding. Therefore, it believes that its participation in this proceeding will not prejudice any party, delay the schedule, or broaden the scope of issues in the proceeding.

III. COMMUNICATIONS

Communications in this matter should be directed to:

Service List Category: Party
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IV. CONCLUSION

For the foregoing reasons, Eagle Crest requests that it be accorded full party status in this proceeding.

Respectfully submitted,

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