

DOCKETED

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April 11, 2022

Curt Hildebrand, Senior Vice President, Commercial Affairs
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VIA EMAIL: curt.hildebrand@hydrostor.ca

RE: Coastal Act and Warren-Alquist Act requirements for review of the proposed
Pecho Energy Storage Center project (21-AFC-01)

Dear Mr. Hildebrand:

This joint letter from the staff of the California Coastal Commission (CCC) and California Energy Commission (CEC) clarifies several regulatory requirements and explains some of the expected review process applicable to Hydrostor's above-referenced Pecho Energy Storage Center proposal. The proposed thermal power plant project would be located in the Chorro Valley, east of the City of Morro Bay, in San Luis Obispo County. The CEC is reviewing the proposed project through the CEC's Application for Certification ("AFC") process.

Because the proposed Pecho Energy Storage Center site is within the state's coastal zone and it is in an area that the CCC has designated as unsuitable for thermal power plants, the CCC must make certain findings before the CEC can grant a certification. (Pub. Res. Code, § 25526.) As a result, Hydrostor must seek a determination from the CCC as to whether Hydrostor can use the site for the proposed facility. The expected process and the applicable requirements are detailed below.

Regulatory Background

The state's Warren-Alquist Act and Coastal Act jointly regulate the locations and characteristics of thermal power plants proposed to be located within the state's coastal zone. Public Resources Code section 30413(b) directs the CCC to designate locations within the coastal zone that are unsuitable for such power plants and to provide its findings to the CEC. The CCC provided those designations to the CEC in a series of reports during the 1970s and 1980s.¹ For purposes of this proposed project, those reports identify the Chorro Valley – where the Pecho Energy Storage Center project would be located—as “unsuitable” for thermal power plants due to it being within a highly scenic corridor. The reports additionally find the areas along Little Morro, Los Osos, and Chorro creeks as unsuitable for power plant siting due to the need to protect riparian vegetation.

Public Resources Code section 25526 prohibits the CEC from approving any such power plants in locations the CCC has designated as “unsuitable” unless the CCC “first finds that such use is not inconsistent with the primary uses of such land and that there will be no substantial adverse environmental effects and unless the approval of any public agency having ownership or control of such land is obtained.” (Pub. Res. Code, § 25526.) The CCC “shall submit its findings to the Energy Commission.” (Cal. Code Regs., tit. 20, §1729.) As noted in the CEC staff's December 2021 Data Adequacy memorandum, the CEC will need a determination from the CCC.²

Coastal Commission and CEC review process

If Hydrostor wishes to proceed with this project and with the CEC's review, it will need to submit to the CCC information about the proposed project and site that is adequate for the CCC to determine whether the project is consistent with the primary uses of such land and whether it will cause any substantial adverse environmental effects. In determining consistency of the project with the primary uses of the land, the CCC will be relying in large part on San Luis Obispo County's certified Local Coastal Program, including relevant land use designations and zoning. Upon Hydrostor's submittal of adequate information about the proposed site and facility, the CCC staff anticipate being able to schedule a hearing during one of the CCC's regularly scheduled monthly meetings, likely within two to three months of receiving the necessary information. Upon the CCC's determination, the CCC staff would then provide those findings to the CEC. If the CCC finds that the proposed project would be allowable at the site, then the CEC staff could incorporate those findings into its staff assessment and make other recommendations to the CEC committee overseeing the Pecho Energy Storage Center proceeding.

¹ These include the 1978 “Designation of Coastal Zone Areas Where Construction of an Electric Power Plant Would Prevent Achievement of the Objectives of the California Coastal Act of 1976,” as well as the 1984 and 1985 revisions of that report.

² See also the CCC staff's January 12, 2022, memo to CEC staff (Docket #241152).

Recommended Next Steps

We recommend scheduling a meeting among Hydrostor and staff of the two agencies to discuss the expected process ahead and identify the information the CCC needs to continue its review. Please contact the lead staff at each agency – the CEC’s Lisa Worrall at lisa.worrall@energy.ca.gov and the CCC’s Tom Luster at tom.luster@coastal.ca.gov – regarding this meeting and to address any questions you may have.

Sincerely,

Shawn Pittard

Shawn Pittard
Deputy Director
Siting, Transmission and Environmental Protection
California Energy Commission

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Kate Huckelbridge
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Dr. Kate Huckelbridge
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