

DOCKETED

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Memorandum

To: Kenneth Celli, Hearing Officer
Commissioner Karen Douglas, Presiding Member
Commissioner David Hochschild, Associate Member

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From: California Energy Commission – Roger Johnson, Deputy Director, STEP
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Date: April 28, 2014

Subject: **HIDDEN HILLS SOLAR ELECTRICAL GENERATING SYSTEM, (11-AFC-2) ENERGY COMMISSION STAFF RECOMMENDATION REGARDING APPLICANT NOTICE OF CONTINUED SUSPENSION**

On August 5, 2011, Hidden Hills Solar Holdings, LLC, submitted an Application for Certification (AFC) to construct and operate the Hidden Hills Solar Electric Generating System (HHSEGS). HHSEGS would generate 500 MW from two plants located on approximately 3,277 acres of privately owned land leased in Inyo County, California, immediately adjacent to the Nevada border. The project site is approximately 8 miles south of Pahrump, Nevada, and approximately 45 miles west of Las Vegas, Nevada.

On April 3, 2013, following all discovery, analysis and hearing phases of the HHSEGS AFC licensing proceeding, including Evidentiary Hearings, and just prior to the commencement of the proposed decision phase, Applicant filed a Notice of Suspension of the HHSEGS AFC. According to the notice, the Applicant had determined there was a need to indefinitely suspend the AFC, and requested that the Committee suspend the deadline for submission of briefs, and responses to any pending motions. Staff did not oppose the suspension request in its April 4, 2013 filing, but urged immediate Committee action given the pending April 5, 2013 opening brief deadline. A one year suspension was granted by the Committee on April 4, 2013 that expired three weeks ago, on April 3, 2014.

The Applicant's April 3, 2013 notice indicated its intent to continue to evaluate and collect information on the project. Moreover, it stated that it did *not* wish for the AFC to be withdrawn, pursuant to Section 1709.8 of the Commission's regulations, and that it would request a Committee Conference to establish a new schedule when it intended to resume the application proceedings.

The Applicant has complied with the Committee's order for quarterly status reports. Although the contents and substance of the Status Reports filed on October 1, 2013, January 16, 2014, and April 1, 2014, were relatively non-substantive, the Applicant did indicate (in the October 1, 2013 report) that they had withdrawn the project's

interconnection agreement with the CAISO, and would need to determine an alternative transmission route were proceedings to be reinitiated.

On April 11, 2014, the Applicant filed a Notice of Continued Suspension. As the Committee contemplates the most prudent path forward in this proceeding and whether to grant a continuance, on April 14, 2014, pursuant to Title 20, California Code of Regulations, § 1716.5, Hearing Officer Celli invited written responses to the Applicant's April 11, 2014 request.

Staff appreciates the opportunity to be included in the Committee's deliberations on this matter, and recommends that the Applicant (BrightSource Energy, LLC or BSE) provide appropriate updates before the Committee rules on the request. Specific updates could include the following:

1. Status update on the Valley Electric Association (VEA) Transmission line EIS (BLM Nevada to have been NEPA lead).
2. Has BSE worked with any agencies or transmission companies (VEA or others) on Alternative routes or plans for delivery of HHSEGS-generated electricity into California via CAISO and its real-time energy market (as it currently exists, or would exist following future expansion plans).
3. Update on current interconnection status with CAISO and VEA, including the expected execution date for the Large Generator Interconnection Agreement, and whether or not the Phase I and/or Phase II interconnection study identified the need for any downstream transmission facilities that would require environmental review.
4. Has BSE discussed and/or submitted any HHSEGS evaluations or information collected over the past year, as was their stated intent in the initial notice to suspend. For instance, is there new scientific or survey information to report that was not already submitted?
5. Have BSE discuss HHSEGS project viability in light of the Energy Investment Tax Credit (ITC) sunset on December 31, 2016, given their ITC concerns related to the schedule for BSE's Palen Solar Energy Project.
6. The Committee should also inquire and receive timely information related to the status of the various options and contracts associated with HHSEGS project development (i.e. necessary land leases); have they all been renewed or are they current?

Lastly, staff also recommends the Committee consider imposing a stipulated end of suspension, and an automatic AFC withdrawal, pursuant to Section 1709.8 of the Commission's regulations, if a continuance is ultimately granted, and no new, substantive developments occur (or information is reported) that would warrant reinitiating the proceeding.