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STATE OF CALIFORNIA

ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Application for Certification of the)
Pecho Energy Storage Center)
_____)

Docket No. 21-AFC-01

NOTICE OF WITHDRAWAL OF APPLICATION FOR CERTIFICATION

Submitted by:
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September 27, 2023

STATE OF CALIFORNIA

ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

In the Matter of:)
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Docket No. 21-AFC-01

NOTICE OF WITHDRAWAL OF APPLICATION FOR CERTIFICATION

Pursuant to Section 1709.8 of Title 20 of the California Code of Regulations, Pecho LD Energy Storage, LLC (the “Applicant”) hereby provides this Notice of Withdrawal of the Application for Certification (“AFC”) for the Pecho Energy Storage Center (“PESC”).

PROCEDURAL BACKGROUND

On November 23, 2021, the Applicant filed an AFC to construct and operate the PESC, a nominal 400-megawatt advanced compressed air energy storage (“A-CAES”) facility capable of flexibly charging and discharging to meet grid reliability needs.¹

On December 22, 2021, California Energy Commission (“CEC”) Staff issued its Data Adequacy Recommendation stating that Staff had concluded that the AFC did not meet the informational requirements listed in the California Code of Regulations, title 20, section 1704, Appendix B.²

On January 27, 2022, the CEC issued an order finding the AFC incomplete, and directing the Applicant and Staff to file further information regarding whether the project is subject to exemption from the Notice of Intent (“NOI”) process.³

On February 9, 2022, and March 8, 2022, the Applicant filed information in response to the CEC’s January 27 order explaining the geological and siting requirements for the A-CAES technology.⁴

¹ TN #: 240712-1 *et seq.*, available at: <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?doctetnumber=21-AFC-01>.

² TN #: 241075.

³ TN #: 241290.

⁴ TN #s: 241502 and 242223.

On March 15, 2022, the Applicant filed a letter identifying the local permits obtained for geotechnical data collection activities, including the five permits received from the County of San Luis Obispo Health Agency, Environmental Health Services Division.⁵

On June 8, 2022, the CEC determined, among other things, that the PESC is only technologically or economically feasible to site at or near the energy source and that the PESC is therefore exempt from the NOI process under Public Resources Code section 25540.6(a)(3).⁶

From February 2022 through November 2022, the Applicant engaged with the California Coastal Commission (“CCC”) to resolve issues relating to the initial geotechnical data collection program. As recently as May 2023, the Applicant provided updates to CCC Staff regarding its continuing efforts to address the issues raised relating to the initial geotechnical data collection program.

On August 30, 2023, the Applicant filed a motion to suspend the above-captioned proceeding.⁷ As detailed in the motion, the Applicant has been diligently examining options to optimize the project, including the project location within the Coastal Zone, to provide an energy storage resource to serve the Central Coast.

On September 13, 2023, CEC Staff filed a response opposing suspension of the proceeding and requesting instead that the Committee issue an order terminating the proceeding.⁸

On September 22, 2023, the Committee issued its *Order Extending the Time to Rule on Staff’s Motion to Suspend*.⁹

NOTICE OF WITHDRAWAL

Subsection 1709.8(a) of the CEC’s regulations provides as follows:

Any time after acceptance, the applicant may withdraw the notice or application by filing and serving on all parties written notice of withdrawal. The notice of withdrawal must be authorized and verified in the same manner as the original notice or application, as provided in Section 1707.

The Applicant is entitled as a matter of right to withdraw the AFC. Therefore, the Applicant hereby submits this *Notice of Withdrawal* in accordance with the procedures and requirements set forth in Sections 1707 and 1709.8(a) of the CEC’s regulations.

⁵ TN #: 242332.

⁶ TN #: 243542, “Adoption Order on Joint Decision Regarding Exemption From The Notice Of Intention Process.”

⁷ TN #: 252041.

⁸ TN #: 252233.

⁹ TN#: 252349.

Although the Applicant does not oppose CEC Staff's request to terminate this proceeding, this *Notice of Withdrawal* renders Staff's motion moot. Nevertheless, the Applicant wishes to respond to certain factual issues raised by Staff's motion.

First, the Applicant has responded to every request for update or "engagement" regarding the PESC from either CEC Staff or CCC Staff.¹⁰ At no point has the Applicant ever declined to engage with the agencies.

Second, the Applicant did not state that it is relocating the facility.¹¹ Instead, the Motion to Suspend stated that the Applicant was examining options to optimize the project and the project location, including evaluating alternative sites located outside of the Coastal Zone.¹² For greater clarity, because of the full deliverability status assigned by the California Independent System Operator ("CAISO"), the Applicant has been evaluating options for both the current site itself, alternative sites, and alternate project configurations that best meet the objectives of the project and best serve the Central Coast. The Applicant believes that the consideration and examination of alternatives to the PESC, particularly in response to stakeholder feedback, is consistent with both the California Environmental Quality Act and the Warren Alquist Act and are not grounds to terminate an application.

Third, the Applicant has worked diligently and committed substantial resources to ensure transmission interconnection for the PESC. The Applicant has made all CAISO-related interconnection payments on a timely basis and the project has satisfied all milestones.

With due consideration for these factual corrections, the Applicant herein withdraws the AFC for the PESC, in part, due to the following considerations:

- Based on the ongoing work conducted by the Applicant, the current project location is non-optimal for A-CAES, particularly with regard to general pre-development data collection restrictions applied within the Coastal Zone and the work conducted to date that has been documented in the AFC process.
- With due regard to these data collection restrictions at the project location, the Applicant has been exploring alternative project configurations to ensure maximum benefits for the Central Coast electrical grid and enabling the maximal use of full deliverability status assigned to the PESC.

¹⁰ Staff Motion, p. 4.

¹¹ Staff Motion, p. 3.

¹² Applicant's Motion to Suspend, pp. 1-2.

- Should the Applicant choose to proceed with an alternative project configuration utilizing the interconnection and deliverability capability at the Morro Bay substation assigned to PESC, it will do so under a separate process.

We acknowledge the good faith efforts of CEC Staff on addressing the PESC AFC to date, and appreciate that withdrawal of the AFC may be the most efficient approach to any future project redefinition which we would expect to occur under a separate process. We believe this is in the best interests of both the Applicant's and CEC Staff's time. For greater clarity, the Applicant has been working diligently on this alternative configuration and phasing for the PESC project, including the achievement of development milestones tied to its CAISO interconnection (and associated deliverability allocation) process but notes that the project is best suited for redefinition under a separate process to ensure this near-term suitability and to maximize grid benefits.¹³

ATTESTATION AND VERIFICATION

The Applicant hereby provides this *Notice of Withdrawal of the Application for Certification for the Pecho Energy Storage Center* in accordance with the procedures and requirements set forth in Subsection 1709.8(a) of the California Energy Commission's regulations. I, Jonathan Norman, an officer of Pecho LD Energy Storage, LLC, hereby attest under penalty of perjury under the laws of the State of California that the information in this Notice is true and accurate to the best of my knowledge and belief.

Dated: September 27, 2023

Respectfully submitted,

By: **/s/ Jonathan Norman**

Jonathan Norman
President
Pecho LD Energy Storage, LLC

¹³ The Applicant reiterates the important role of long duration energy storage, in general, and A-CAES, in particular, in furthering California climate policies and reliability needs, notwithstanding the unique, site-specific issues at the PESC site. A-CAES development is well-suited to the AFC process, interconnection requirements, and local community collaboration, and Hydrostor remains committed to working with all stakeholders to advance a diverse, multi-faceted approach to energy storage and A-CAES.