

EDITORIAL

Pull plug on hydroelectric plant plan

If there were a three-strikes law for public-works projects, a proposed hydroelectric plant in the hills above Lake Elsinore would be out.

And that might be for the best.

Largely at the insistence of a board member who opposes the ambitious plans, the Elsinore Valley Municipal Water District has released three studies looking at the viability of the project, which would produce electricity by pumping water out of Lake Elsinore at night and letting it flow back downhill during the day, powering electricity-generating turbines.

The first two studies, done in 2006 and kept under wraps by the district, indicated the project would not be able to turn a profit. The third, conducted a year ago, said it might — under optimal conditions — but only about \$1 million per year. Given that the project would cost upward of \$1 billion, a \$1 million-per-year profit is hardly going to get any investors excited. And that's a best-case scenario.

When this project was first pitched about 10 years ago, more than a few eyebrows were raised. The idea of pumping water out of the lake and then letting it flow back in struck more than a few people as rather questionable at best. And the idea of stringing high-voltage power lines through the fire-prone Cleveland National Forest made it even dicier.

But the idea kept percolating in the back offices of the water district and its private partner,

Our view:

It's time for the water district to get back to its primary business.

Nevada Hydro Corp., and a few years ago resurfaced. Not long ago, the Vista-based company drew some interest from the estimable investment house Morgan Stanley.

Part of the

problem is that the project was conceived during California's disastrous experiment with deregulated energy, when the partners thought there would be lots of money to be made selling electricity during peak usage times. But the energy landscape has changed dramatically in this post-Enron era.

Now, Nevada Hydro believes it can qualify the project for a state program designed to give for-profit utilities an incentive to create healthy electricity reserves.

But another word for "incentive" is "subsidy." Because any real profit would come through this program, taxpayers across the state would essentially be making this project feasible with either taxpayer dollars or inflated prices for the electricity produced there.

Proponents say such a subsidy is worthwhile because it would be a "green" plant, that hydroelectric power doesn't cause pollution. They are ignoring the fact, however, that this "green" plant actually uses more electricity than it creates. And because most electricity in the state comes from natural gas-fired plants, it's therefore reasonable to say this plant does produce pollution, just indirectly. (Nevada Hydro is trying to work a deal where the plant would be powered by wind energy, which would make it more attractive, at least from an environmental perspective, but so far that has not materialized.)

Another troubling aspect is that the water district kept those unfavorable reports under wraps, apparently covering their exposed rear ends, having spent so much money chasing a pipe dream. The district has already sunk at least \$3 million — critics say it might be twice that — into this boondoggle and is therefore hesitant to back out. But throwing more money at it isn't going to turn this project magically into a silk purse.

There's no question California needs more power plants, especially ones designed to kick in during peak usage times, but it makes little sense to build one that uses more energy than it creates and takes a state subsidy to do so.

The state needs to focus its efforts on truly renewable energy, such as wind and solar power, not a billion-dollar Rube Goldberg-style contraption that needs nearly perfect economic conditions to turn even a meager profit. It's time for EVMWD to pull the plug on this idea and get back into the water business.