

FEDERAL ENERGY REGULATORY COMMISSION

Matter of Premium Energy Holdings, LLC : Project No. 15056-000

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The Office of the New York City Watershed Inspector General (WIG) moves to intervene in *Matter of Premium Energy Holdings, LLC*, Project No. 15056-000 (the Project). In this matter, Premium Energy Holdings, LLC, requests a preliminary permit, pursuant to section 4(t) of the Federal Power Act (FPA), to study the feasibility of the proposed Ashokan Pumped Storage Project to be located at New York City’s Ashokan Reservoir. For the reasons set forth below, the WIG’s motion to intervene should be granted.

The New York City Water Supply and the WIG

The New York City Water Supply System is a complex system of reservoirs and conveyances that provides drinking water to nine million residents of New York City and other nearby communities. The system draws water from three sub-systems: the Catskill, Delaware, and Croton systems. Typically, the Catskill system supplies 40 percent of the water, with the Delaware and Croton systems supplying 50 percent and 10 percent, respectively. The Catskill and Delaware systems, located in upstate New York west of the Hudson River, are unfiltered. The only treatment they receive is disinfection from a UV plant and chlorine. The Croton system is filtered. The proposed project lies within the watershed of the Catskill system. In the Catskill system, water is collected in the Schoharie Reservoir and then diverted by the Shandaken Tunnel into the Esopus Creek, which then feeds the Ashokan Reservoir where the project would be sited before being transported by gravity in an aqueduct under the Hudson River to the Kensico Reservoir for distribution to consumers.

Housed in the Office of the New York State Attorney General, the WIG was established by an Executive Order of New York's Governor following the execution in 1997 of a Memorandum of Agreement (MOA) to protect the New York City Watershed by New York State, New York City, the Coalition of Watershed Towns, the United States Environmental Protection Agency, environmental groups, and Watershed counties and municipalities. See 9 NYCRR § 5.86. The job of WIG is to “enhance current efforts to protect the New York City drinking water supply from activities that have the potential to adversely affect the New York City Watershed reservoirs and tributaries.” *Id.* The WIG’s “powers, duties, and responsibilities” [include] recommending legislative, regulatory and management practice changes.” *Id.*

The Project

The proposed Project entails construction on steeply sloping New York State lands and New York City Watershed lands of one of several potential new pumped water storage reservoirs upgradient of the Ashokan Reservoir, one or more connecting tunnels, and associated power generation and transmission infrastructure necessary to generate up to 800 megawatts of hydroelectricity. The footprint of the possible upper reservoirs would be between 200 and 300 acres. The Project would divert water currently used for drinking water purposes to the new reservoir, discharging the stored water back into the Ashokan Reservoir.

The WIG's Motion to Intervene Should Be Granted

A motion to intervene in a FERC proceeding must identify the position taken by the movant, and demonstrate that the movant has or represents an interest which may be directly affected by the outcome of the proceeding, or that the movant's participation is in the public interest. 18 CFR § 385.214(b). The WIG meets all of the requirements for intervention in this proceeding.

The WIG's position is that the Project in this proceeding is legally barred and threatens the quality, safety and reliability of the New York City water supply, particularly the Ashokan Reservoir and its tributaries. Accordingly, the preliminary permit application should be denied and the Project should not move forward. The Ashokan Reservoir is a critical component of the Watershed because it is an unfiltered water supply that provides the City with approximately 40% of the daily water needs of its nine million customers. Among other concerns, the Project threatens to worsen and multiply the Ashokan Reservoir's periods of high turbidity, which can impair water quality and increase the risk that the City would have to build an expensive water filtration plant. The Project also disrupts the City's management of the water supply, causes ecological harm, and impairs public recreation.

The WIG has unique interests in the proceeding. The WIG is charged with the task of protecting the New York City Watershed from proposed projects with potentially significant adverse effects to the water supply, the type of proposal that is the basis for this proceeding. The WIG has a critical role independent from other state and municipal entities in New York in this proceeding, and no other party can adequately represent the WIG's interest.

In light of the WIG's charge to protect the New York City Watershed, the WIG has a unique interest in this proceeding that may be affected by its outcome. Additionally, given the WIG's charge to protect the drinking water sources for millions of New Yorkers, the WIG's intervention is in the public interest.

In conclusion, for the reasons described above, WIG's motion to intervene should be granted.

Dated: April 9, 2021
New York, New York

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