

DOCKETED

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Project Title:	Hydrogen Energy Center Application for Certification Amendment
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Document Title:	In Depth Television News Story
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Association of Irrigated Residents
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June 7, 2014

California Energy Commission
Re: Hydrogen Energy California 08-AFC-8A

The Commission should be aware of and have access to media stories concerning this application. These news stories can reflect local opinions and views of the project. These stories also generate letters to the CEC concerning the project.

Below is a transcript of a 4-part, 20 minute long news story on HECA. This story was broadcast between 6 and 6:30 pm on April 22, 2014 by KGET-TV, Bakersfield, CA. It is unprecedented in Kern County for local television to devote an entire 30 minute segment of their evening news show to a single topic.

A link to this transcript and the four separate sections of the broadcast is:

<http://www.kerngoldenempire.com/hydrogen-energy> (accessed on June 7, 2014).

The link above also contains additional information and video about HECA that was not used in the broadcast.

A link to a video containing the four segments and without advertisements is:
<http://youtu.be/jR7DgEQ9aDs> (accessed on June 7, 2014).

Tom Frantz, President
Association of Irrigated Residents

TRANSCRIPT:

Hydrogen Energy: Pollution or Solution?

Twenty three miles west of downtown Bakersfield sits a ranch past its glory. But peek past the overgrown brush and you can see there are big plans for the site – multi-billion-dollar plans to build what developers say will be the future of power production.

"I get calls on a weekly basis for tours of the site and we haven't even broken ground," said Tiffany Rau, a spokesperson for the developer, SCS Energy.

The project itself is called Hydrogen Energy California, or HECA for short.

The concept is simple: Use the abundant resource of coal to make clean energy.

"It's good for the state," Rau said. "It's good for the nation."

Here's the idea: Mix coal and an oil refinery byproduct to create hydrogen gas. That hydrogen will then be burned to generate electricity and, as a byproduct, make fertilizer.

"A lot of people don't realize that California imports about 90 percent of its fertilizer," said Rau.

The revolutionary part is what it would do with its carbon dioxide emissions. The plant would capture that greenhouse gas and send it via pipeline to the nearby Elk Hills oil field to enhance oil recovery and store the gas.

"This is an alternative energy project," Rau said. "... a new way to generate alternative energy, low carbon power."

Construction of the plant will cost \$4 billion.

It's a concept fully supported by President Obama.

"If we can develop the technology to capture carbon pollution released by coal, it can create jobs," the President said in 2010 at a meeting of state governors.

That's why the U.S. Department of Energy is promising \$400 million for the plant. It's already spent \$150 million on the project. It's one of only three power plants to receive funding nationally.

"This project has global and national attention and significance," said Rau.

But to opponents, that's the fairytale version of the story.

"It's false advertising to say this is clean energy," said Tom Frantz, an almond farmer and environmental activist.

A group called Neighbors of HECA (they pronounce it "Heck-a") says the plant will pollute the air, deplete water supplies and store millions of gallons of lethal chemicals.

"There is so much danger involved," said Chris Romanini, a landowner near the site.

That same fear was expressed by another community when the same developer, SCS Energy, proposed a plant in Linden, New Jersey. It was almost identical to Hydrogen Energy except it planned to store carbon dioxide beneath the ocean floor.

When New Jersey Gov. Chris Christie came out against the proposal, SCS Energy cancelled the project and bought HECA, bringing its sales pitch to the small town of Tupman, in western Kern County.

"We're exactly a mile-and-a-half away from HECA," said Don VanLue, the self-proclaimed mayor of Tupman.

The proposed site has long been farmland, formerly managed by Sam Akerman.

"It's going to be a big boom for us," Akerman said. "I don't know if you looked around in Buttonwillow or Tupman. It's kind of, I don't want to say a dying town, but it's surely on the decline."

The road sign on the edge of town says Tupman's population is 210.

"School and a post office, that's about it," said VanLue.

It also has high poverty, 21 percent, according to the Employment Development Department.

Developers say HECA – and they pronounce it "Hee-ka" – say the plan will create more than 2,000 construction jobs for four years. HECA says it has an agreement with unions that guarantees these jobs will go to local people.

"It's huge," said John Spaulding, executive secretary of the Building and Construction Trades Council of Kern.

HECA said it will also create 200 full-time jobs for 25 years with an annual payroll of \$21 million.

"It's good for Kern County," said Akerman. "It's good for 'made in America.'"

And it's potentially good for area schools and county budgets. HECA estimates it will pay nearly \$30 million annually in property tax which, according to statistics from the Kern County Assessors Office, would make HECA the fourth biggest property taxpayer in Kern County.

"This is going to benefit Taft, Tupman, Buttonwillow, Shafter, Wasco. That's this community," said Joe Alvidrez, a Buttonwillow activist and HECA supporter.

Developers estimate HECA will generate 300 megawatts of electricity. But critics say it will use most, if not all, of that electricity on itself and its activities in Elk Hills, an analysis with which HECA vehemently disagrees.

According to the California Energy Commission, during its peak power production, only 51 megawatts will make it to the grid for public use. During maximum fertilizer production, the plant it will actually use 61 megawatts of power, taking away enough energy to power 33,000 homes.

"A tremendous amount of energy is going into this plant, very little is coming out," said Frantz, the farmer and activist.

That's why opponents like Tom Frantz say building the plant isn't worth it especially when it comes to emissions.

"When you have the worst air quality in the nation, a coal plant is not a good fit," said Brad Bittleston, a rancher near the HECA site.

While the plant will capture carbon dioxide, it still will release 500 tons of other pollutants into the air each year, a notion that is especially scary to the unofficial mayor of Tupman.

"The prevailing wind 99 percent of the time is right out of that direction," said VanLue. "That's northwest to Tupman, one and a half miles."

Directly in that path is Elk Hills Elementary School where 200 children attend classes.

"We don't need it here in the southern San Joaquin Valley where the air is the dirtiest that it can get," said Frantz.

But is HECA any more dirty than other fossil fueled power plants?

"It is producing emissions at the same rate as a natural gas power plant," said Dave Warner, director of permit services for the San Joaquin Valley Air Pollution Control District.

That is true if you use HECA's megawatt estimates. But if you base it on the California Energy

Commission's numbers, the plant would be one of the dirtiest in Kern County, surpassed only by three wood-burning facilities.

That's why the San Joaquin Valley Air Pollution Control District said it required HECA to make a one-time payment of \$9 million to invest in pollution reduction projects in the area.

"We've promised to preferentially use it in Kern County and the South Valley," said Warner of the air district. But he cautioned the money could be spent elsewhere in the Valley.

To further mitigate its emissions, HECA also bought air credits. Air credits are issued to companies that invest in modern, clean energy equipment. The clean company can then sell the credits to companies whose pollution levels are too high. The system is aimed at rewarding clean-energy investment while punishing polluters.

HECA bought \$16 million worth of credits from companies in Bakersfield and Kingsburg, enough to offset all of its emissions.

"They're actually providing more reductions than they are creating in increases," said Warner.

But the problem for opponents is the majority of these air credits were earned 20 to 30 years ago meaning the emission reductions actually happened in the 1990's and 1980's.

"If the credits weren't there the economic growth would not be there," said Warner.

That is why when HECA met all the district's requirements last fall, the district gave HECA a stamp of approval.

The Byproducts of HECA

The developer says the \$4 billion HECA power plant proposed for the west side of Kern County would be a clean source of energy and hundreds of jobs.

Opponents say it would also be a source of a lot of byproducts, some of them potentially explosive, lethal and massive.

If approved HECA will gasify coal, but not completely burn it. That will leave a waste byproduct. "It's described to me as a slag, as little chunks and flakes," said Doug Landon, director for the Kern County Waste Management Department.

The material is expected to be non-hazardous and safe for landfills. But there may be enough of it to fill our limited dump sites.

"It's a lot," said Landon.

HECA says it could generate up to 940 tons per day. According to the county that's as much solid waste as of all unincorporated areas in Kern produce in 24 hours.

"This is far beyond anything I've ever been familiar with," said Landon.

This amount would put Kern County out of compliance with state law, which requires the county recycle 50 percent of its waste.

"Ultimately, this state can fine the county as much as \$10,000 a day," said Landon.

But HECA said that won't happen because this material can be sold and recycled. Although it

doesn't have a buyer yet, HECA said it has identified at least 500 potential customers within 300 miles.

"I know they're putting a lot of effort into it," said Landon.

Then there's the storage of two ammonia products, explosive and potentially lethal.

One is liquid anhydrous ammonia used to make fertilizer at the plant. It's used by farmers on crops but it's dangerous if inhaled, something Mike Antongiovanni experienced first hand 39 years ago.

"It just cooked everything inside," he said. "Then about 2 to 3 minutes, I was spitting up blood."

Rushed to a hospital, doctors didn't know if Antongiovanni would survive.

"The next morning my wife gave birth to our third son," said Antongiovanni.

Today he still feels effects. He can't run and he can't smell. "It was good for changing baby's diapers," said Antongiovanni.

Antongiovanni's accident involved a 250 gallon tank of anhydrous ammonia. HECA plans to have two, 2-million-gallon tanks.

"I am so concerned. What is the danger to my family?" said Chris Romanini, a nearby landowner.

According to the California Energy Commission the most "likely leak" won't reach beyond the plant's fence line. But the EPA refuses to say what would happen if there were a total rupture. That information, the EPA says, is under "confidential cover".

"Confidential cover?" said Romanini. "What are they hiding?"

Even the EPA urges HECA to disclose the worst case scenario because by the agency's estimates fumes could reach as far as 25 miles into the heart of Bakersfield, an estimate HECA disputes.

HECA has taken the necessary precautions, according to the company's Ed Western. "What we have done is to build the tanks and we have built an outer shell around the tank," said Western.

Then there's ammonium nitrate, a highly flammable fertilizer used in the Oklahoma City bombing in 1995 and the cause of the deadly explosion near Waco, Texas last summer, a fact that concerns the unofficial mayor of Tupman.

"The community of Tupman sits in the middle of three bombs, HECA, the Inergy propane plant that could blow up, and the oil field," said Don VanLue, the self-proclaimed mayor of Tupman.

The California Energy Commission admits there is a risk for explosions but said it's not like the plant in Texas for two reasons: The facility will store nearly six times less ammonium nitrate, and this ammonium nitrate will be a wet, less-explosive version of the substance.

Then there's the carbon dioxide.

"What they want to do is put a pipeline there that is right in back of Tupman," said VanLue.

That pipeline would carry carbon dioxide, 2.6 million tons a year, to Elk Hills to be pumped into existing oil wells for enhanced recovery.

"They even have admitted that this can produce earthquakes," said Romanini.

That may be true according a University of Austin Texas study that claims carbon dioxide injection incited 93 earthquakes in the Cogdell Oil field in one year. All but one were below a magnitude 4. But the question remains, could that happen in Kern County?

"The jury is still out I think on CO2 injection and increase seismicity," said Janice Gillespie, Chair for the Department of Geology at CSUB.

But Professor Gillespie said if there's a place to store carbon dioxide in California, HECA has the right idea.

"It turns out that here in the valley we've got some of the biggest oil field storage reservoirs in California and the biggest one by far is Elk Hills," said Professor Gillespie.

Gillespie estimates Elk Hills has room for 250 million tons of gas. HECA only plans to pump in 75 million tons over its 25 year lifetime.

"It's got five times as much space as any other reservoir in the San Joaquin Valley," said Professor Gillespie.

HECA's Consumption: coal, water and money

To make electricity, fertilizer and carbon dioxide, the \$4 billion HECA plant in western Kern County plans to consume coal and water – a lot of coal, and a lot of water.

Proponents say the plant will be a boon to a rural area in severe need of an economic boost. It will bring 2,000 temporary construction jobs and 200 high-paying permanent jobs to the area, and become the fourth biggest property tax payer in Kern County.

Developers have plans to handle each challenge, but opponents worry an already limited supply of water will be stretched, and a constant stream of coal trucks will create danger and other issues.

About 150 trucks a day would use a 27-mile route from a rail depot near Wasco to the HECA plant near Tupman. That route would travel through Shafter and past two schools.

"The trucks will be fully enclosed, of course," said Tiffany Rau, spokesperson for Hydrogen Energy California

"The main discussion probably started a year, year and a half ago," said Ernie Unruh, superintendent for the Rio Bravo Greeley School District, which operates both schools along the path.

"Obviously the school start times are a big concern of ours," said Unruh.

Another concern is the number of truck trips. By KGET's calculation, a 27-ton HECA truck will pass in each direction every 10 minutes.

"This is going to use a dedicated fleet of 13 trucks and they'll be running on a 24 hour, seven days a week period," said Rau.

Those are coal trucks. An additional 224 daily truck trips will take other materials, like fertilizer and waste, in different directions in and out of the plant.

Which is why the California Energy Commission has serious concerns HECA's trucks could "substantially increase traffic ... on farming thoroughfares" and "potentially degrade the roads." But HECA has promised to fund projects it says will reduce impacts to insignificant levels.

Then there's the use of water, 6.6 million gallons a day or 7,500 acre feet a year which is enough to fill more than 3,700 hundred Olympic-size swimming pools every year. HECA said it needs the water to cool its power towers.

"It's valuable water for agriculture," said Tom Frantz, almond farmer and area environmental activist.

But the district the water will come from, Buena Vista, says the water isn't usable on farms.

"We think that we are using water that would not be used productively in Buena Vista," said Maurice Etchechury, engineer manager for the Buena Vista Water Storage District.

That's because the water it plans to pump would come from an area where the district says the groundwater is brackish or salty.

The district says it's been trying for years to sell the brackish water because it believes moving salty water out would allow fresh water to seep in.

"To us we actually think we are adding to the supply of water," said Maurice Etchechury.

"Whether we have HECA or we do not have HECA that is the right thing to do for Buena Vista farmers," said Olu Ogunjobi, geoscientist for the Buena Vista Water Storage District.

But some hydrologists, including those with California Energy Commission, believe if salty water is pulled out even saltier water will move in, the opposite of what the district wants.

"Well we really don't appreciate that," said Etchechury. "We are just looking at data and interpreting it in two different ways."

The California Energy Commission also said the district plan could "overdraft" our groundwater basin and cause "subsidence" or ground sinking.

On top of that many farmers say even if the water is brackish it can be used on crops outside the district if it's blended with cleaner water.

"This is very usable water," said Frantz. "It's been proven in scientific studies you can use brackish water for crops like pomegranates, pistachios, cotton."

Buena Vista said it would have sold water to farmers but no one ever asked. HECA on the other hand put up the cash, spending \$20 million to \$30 million to drill wells and another \$3 million a year for water. The district says it will use the water for improvement projects.

"I call that good business," said Etchechury.

But opposing farmers call it a sellout.

"At this point the district's judgment is somewhat clouded by the prospect of \$3-million-plus, a year, in income, said Beau Antongiovanni, a Buttonwillow area farmer.

So where does HECA get all of this money to buy water, pollution credits and construction. According to the Department of Energy it's federal funding. HECA already spent \$150 million of its \$408 million allotment and the plant hasn't even been approved.

"That's not right," said Brad Bittleston, an area rancher.

The concerning part for taxpayer is the California Energy Commission said in a status update Occidental of Elk Hills, the company agreeing to use the carbon dioxide, is discussing its continued participation with the project. And without a place to put its carbon dioxide this piece of land may never see HECA built.

Officials weigh in on HECA

With all of HECA's potential impacts on the county, the Kern County Board of Supervisors has yet to take a stance on the project. Officials said that's because the only agency with decision making authority is the California Energy Commission.

KGET asked each supervisor how he or she felt about HECA. No one wanted to discuss the issue except Supervisor David Couch whose district encompasses HECA's proposed site.

"I still have a lot of concerns about it," Couch said. "I think the board does as well, the county staff does as well."

But does that opinion really matter?

"Ultimately I think the answer is no," Couch said.

Couch said that's because under state law the California Energy Commission has sole permitting authority over every thermal power plant that generates 50 megawatts or more.

All supervisors can do is vote to issue a statement supporting or opposing the plant. To this date they haven't.

"Could we have taken a stronger position one way or another?" Couch asked. "I suppose you could always say that in almost any case. But we did what we thought was the prudent thing to do."

Supervisors sent a 40-page document to the California Energy Commission with a laundry list of concerns last fall.

Couch said board members sent a list of suggestions of what the county needs to handle HECA. They did this instead of voting a straight yes or no because, Couch said, the county lacked information to make an overall judgment.

"It's hard to say you're in favor or something or you're against something if you don't really have all the facts," he said.

One agency has taken a stance: The federal EPA. It raised a variety of concerns in its 22-page response to the California Energy Commission categorizing the plant as an "environmental concern" with "insufficient information."

But behind the opinions of decision makers are the emotional arguments.

"We are opposed to the plant 100 percent," said Don VanLue, the self-proclaimed mayor of Tupman.

Some families who live near the site want to leave.

"It feels like we are up against a monster," said Lisa Lamboy, area farmer.

A fight others look at as selfish.

"How often does that come along?" asked Sam Akerman, a supporter of the project. "Never. We got it and we ought to embrace it and make it happen."

But after six years of applications the plant hasn't been embraced yet by the California Energy Commission, the only organization that can say heck yes or heck no to HECA.