

## DOCKETED

<b>Docket Number:</b>	08-AFC-08A
<b>Project Title:</b>	Hydrogen Energy Center Application for Certification Amendment
<b>TN #:</b>	203050
<b>Document Title:</b>	Response Letter to Honorable Shannon Grove
<b>Description:</b>	N/A
<b>Filer:</b>	Alicia Campos
<b>Organization:</b>	CEC/Roger Johnson
<b>Submitter Role:</b>	Commission Staff
<b>Submission Date:</b>	9/11/2014 9:34:03 AM
<b>Docketed Date:</b>	9/11/2014

**CALIFORNIA ENERGY COMMISSION**

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September 10, 2014

The Honorable Shannon Grove  
California State Assembly, District 34  
State Capitol Room 4208  
Sacramento, CA 95814

**RE: LETTER TO CHAIR WEISENMILLER REGARDING HYDROGEN ENERGY  
CALIFORNIA (HECA)**

Dear Assemblywoman Grove:

Thank you for your letter conveying constituent requests concerning the Energy Commission's evaluation of Hydrogen Energy California's (HECA) Application for Certification. The Energy Commission appreciates your constituents' interest in the proposed project. As one of the principal decision makers on the project, Chair Weisenmiller is unable to engage in communication about the project outside the licensing review process; therefore, he asked me to respond to you on his behalf. He also asked me to docket your letter in the HECA proceeding.

Your letter requests that Energy Commission staff consider imposing a list of mitigation measures to minimize the impacts of HECA. Staff will address each of these mitigation measure requests here to the extent possible. The Preliminary Staff Assessment (PSA) was published over a year ago. The PSA is staff's preliminary environmental review of the project, and includes analyses in 22 technical areas related to environmental impacts, health and safety, engineering and project design, alternatives, and draft mitigation measures contained in the proposed conditions of certification. In the PSA, staff identified a number of potential concerns with the project as proposed and requested additional information from the project applicant and from Occidental of Elk Hills, the prospective purchaser of the project's CO<sub>2</sub> emissions. Staff is still waiting for a significant amount of this information. Once we receive the outstanding information, staff will complete the analysis and provide our conclusions to the public and the decision makers in the form of the Final Staff Assessment (FSA).

Your first request asks the Energy Commission to evaluate the alternative sites suggested by the Kern County Board of Supervisors. Staff completed an analysis of project alternatives in the PSA. However, based on comments received on the PSA and assuming that the project continues forward, staff will be providing a more extensive evaluation of potential project alternatives and will consider including an analysis of potential alternate project locations outside of the San Joaquin Valley.

Your second request asks the Energy Commission to provide air monitors to the two local school districts and tie that monitoring to the San Joaquin Valley Air Pollution Control District's (District) real time advisory. The Energy Commission is required to identify significant impacts and appropriate mitigation as it reviews the project. Ambient air monitors do not provide direct mitigation, so staff did not recommend additional ambient air monitors as an air quality mitigation measure in the Preliminary Staff Assessment. Two signed agreements between the project owner and the District require the project owner to provide funds to the District for emission reduction projects separate from and in addition to the project's air quality mitigation measures that the Energy Commission would require. However, staff understands that funding the installation and ongoing operational costs of one or more ambient air monitors in the area is not currently being considered as part of the side agreements which have been designed to provide funding for projects that would reduce air pollutant emissions. While the Energy Commission has no authority over these two agreements or the use of these funds, staff will ask the District to allow the Energy Commission to participate in the emission reduction project selection process. Staff would recommend projects that are as close to the HECA location as feasible, or that would provide the local community more information, such as an ambient air monitor tied to the District, about potential changes to local air quality if HECA is built and operated.

Your third request asks the Energy Commission to honor the Kern County Farm Bureau's request to require the applicant to provide a bond to offset any potential damage to farms, crops, or land. Staff is in the process of analyzing what potential effect, if any, the proposed project may have on the crops in the vicinity of the project. If staff concludes that such impacts are possible, and rise to the level of significant and adverse, staff will certainly consider whether a bonding requirement would help mitigate for such impacts and, if so, what the specific requirements of such a bond should be.

Your fourth request asks the Energy Commission to mandate disclosure of the worst case scenario of accidental release of an entire tank of anhydrous ammonia. While staff cannot release information designated confidential by other agencies, in the FSA staff will identify and analyze all potential risks associated with the proposed project, will discuss the findings made by other agencies, and will recommend appropriate mitigation measures to address those risks. Staff will also conduct at least one public workshop on the issue and include appropriate agencies such as Kern County to ensure that members of the public have a clear understanding of staff's analysis and conclusions.

I hope the responses above provide the information you seek. For more detailed information about the project and Energy Commission staff's preliminary analysis, please see the amended application for certification for HECA, which was docketed at the Energy Commission on May 2, 2012, (TN # 65046), and can be accessed at the California Energy Commission Website along with the Preliminary Staff Assessment (PSA) (TN# 71444, dated 06/28/2013). A complete list of items docketed in this proceeding is available at:

<https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=08-AFC-08A>.

As discussed above, staff is waiting for additional information from the applicant before we can finalize our analysis of the proposed project. Once we receive this information, staff's analysis, conclusions, and responses to public comments will be published in the FSA. The Committee assigned to oversee the HECA proceeding and staff have held numerous public hearings and workshops, and anticipate several more before the Energy Commission reaches any conclusions on the project. The Energy Commission looks forward to continued input from your office and your constituents, all of which will be included in the administrative record of the proceeding. Should you have additional questions, please feel free to contact me at (916) 654-5100 or at

[Roger.Johnson@energy.ca.gov](mailto:Roger.Johnson@energy.ca.gov).

Respectfully,

A handwritten signature in blue ink, appearing to read "Roger E. Johnson", with a stylized flourish at the end.

ROGER E. JOHNSON  
Deputy Director