

DOCKETED

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Project Title:	Hydrogen Energy Center Application for Certification Amendment
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Document Title:	HECA in the newspaper
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Association of Irrigated Residents
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February 25, 2014

California Energy Commission

Re: Docket 08-AFC-8A

Dear Commission,

Below are two pieces about HECA which appeared in the Bakersfield Californian during the past week. The comments in these articles are very relevant to the HECA proceeding and should be taken extremely seriously. Corruption like this at the state level casts a dark shadow over this entire application process.

Tom Frantz
President

Bakersfield Californian February 18, 2015

PUC-PG&E entanglement gets even stinkier

Lois Henry

Back in September, I noted a certain stinkiness emanating from a smattering of emails between PG&E and California Public Utilities Commission then-President Michael Peevey regarding the Hydrogen Energy California project. Now that several more waves of emails have been released, the stench is overpowering.

For those of you fighting the Hydrogen Energy California project who felt you were battling an unseen hand, you were right. Peevey, for reasons not yet revealed, wanted that HECA plant like nobody's business. And he was willing to use his position as an alleged overseer of the state's utilities to convince PG&E and Southern California Edison to sign power purchase agreements with the proposed coal-burning plant to make sure it got built.

The San Francisco Chronicle's Jaxon Van Derbeken, using the emails and other documents, laid out Peevey's bald-faced abuse of power Monday. A massive number of emails, memos and other documents were released by PG&E as a result of lawsuits and investigations following the 2010 explosion of a natural gas line under San Bruno that killed eight people.

The latest batch was 65,000 emails released last month. As cynical as I am, even I was shocked at Peevey's apparent quid pro quo style of "governance." He could seriously give Boss Hogg pointers. At one point, Peevey even reminds a PG&E vice president that he pushed through a \$29 million award for PG&E and, again, pressures the utility to buy power from HECA. "I told him I got the message and would forward it on," former PG&E vice president Brian Cherry writes in a Jan. 1, 2013 memo to former senior vice president of regulatory affairs Tom Bottorff.

Cherry and Peevey, who conveniently own neighboring beach houses at the Sea Ranch resort in Northern California, had apparently discussed HECA and other projects at a New Year's Eve gathering. Ugh.

But the emails start much earlier. They show Peevey pressuring PG&E and SoCal Edison as early as 2010 to sign power contracts with HECA.

Despite his efforts, things weren't happening fast enough, according to a September 2010 email from Jonathan Briggs, then HECA project president, to Peevey.

"In short, without getting (a power purchase deal) in place by the end of September, Hydrogen Energy will not be able to justify material decisions including final site and land payments in the first week of October," Briggs writes.

On cue, Peevey pushes Cherry for faster action, asking him to move up a meeting date with HECA and demanding PG&E President Chris Johns attend, according to an October 2010 email.

"As you know, the HECA project is of great importance to me, the governor, and (U.S. Energy) Secretary (Steven) Chu," Peevey writes.

After some internal tussling, Cherry finally assures Peevey the utility would buy HECA power but at a cost to Peevey, according to a Dec. 20, 2013, email.

"You owe Tom," Cherry tells Peevey in reference to Tom Bottorff.

Cherry would apparently collect on that debt the next month by getting, Peevey to assign a more PG&E-friendly judge to a case the utility had before the PUC. Cherry, Bottorff and Peevey are all gone now. Fired or retired. But that certainly won't be the end of this. There are more emails to dig through. Not to mention state investigators searched Peevey's and Cherry's homes last month looking for evidence of bribery and influence-peddling related to HECA, according to search warrants obtained by Van Derbeken. You can't get much more "back room" than this.

Contact Californian columnist Lois Henry at 395-7373 or lhenny@bakersfield.com. Her work appears on Sundays and Wednesdays; the views expressed are her own.

FINDING THE EMAILS

You can see one set of 65,000 emails from 2010 to 2014 here: <http://tinyurl.com/nrzykr2> . You can also try a Google search. Start the search with CPUC. Then add the last names of those involved, such as Peevey, Bottorff or Cherry and HECA. The emails will come up as PDFs with “ftp” at the beginning.

DIFFICULT TO FIND

Some PG&E internal emails were disclosed in legal proceedings, such as this one, in which former PUC President Michael Peevey apparently reminded former PG&E Vice President Brian Cherry of past favors in order to get him on board with buying power from HECA. Go to <http://tinyurl.com/l3wljd9> and scroll to Page 35; the following is an excerpt:

“From: Cherry, Brian K
“1/1/2013 4:08:03 PM
“To: Bottorff, Thomas ...

“Changing subjects, Mike (Editor’s note: Peevey) will be reaching out to you in a few weeks over HECA. He strongly believes in this project and its importance to the state of California. Mike wants us to sign a PP A for the entire load (270 MW) because he has doubts we can get Edison on board. Mike claims the power we will pay for HECA will be at the peak, so it will be a good (but not great) deal. He is very serious about PG&E playing a major role here.

“After the HECA asks, he reminded me how he and Governor Brown used every ounce of persuasion to get Ferron to change his mind and vote for Oakley (another PG&E project). He said he told Ferron this was not the decision to fall on his sword over and defy the Governor. The Governor wanted this project approved and was frustrated that Sandoval opposed it on some obscure legal grounds. The Governor finally decided not to meet with Sandoval a second time because Jerry felt he couldn't get a word in with her. Jerry's direct plea to Ferron was decisive. Mike suggested that Tony call the Governor personally and thank him.

“Mike then told me PG&E had a great day at the last meeting, reminding me of the positive vote on EE incentives (for which PG&E received \$29 million), and said HECA was important to him. I told him I got the message and would forward it on.

“We ended the conversation with a dram or two of Johnny Walker Blue Label.”

Letters Bakersfield California February 24, 2015

Road to HECA project paved with corruption

I want to thank Lois Henry for her report revealing the corrupt dealings of regulators over the Hydrogen Energy California project (“PUC-PG&E entanglement gets even stinkier,” Feb. 18). I agree the stench from backroom deals to gain favorable treatment for HECA is “overpowering.”

It is curious why Public Utilities Commission President Michael Peevey was so intent on getting HECA built. And if the regulator who is responsible for protecting the public is abusing his power to get HECA built, who else might have been corruptly involved as HECA continued through the permitting process? I am hopeful we will get more answers from state agents who recently searched Peevey’s home looking for “evidence of bribery, influence peddling and other felony conduct.”

Who would think it prudent to permit a horribly polluting, coal-fueled power plant in the worst air in the nation that drains more than 6 million gallons of ground water daily for 30 years, that produces huge amounts of dangerous chemicals and fertilizer right next to a school, that is funded with over \$400 million in taxpayer grants and in the end uses up most of the power itself as it makes fertilizer and sequesters a portion of the CO₂ it emits? Only through corruption does HECA make sense. It is time for this ill-conceived project to get the ax.

Chris Romanini, Bakersfield