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<td><strong>Project Title:</strong></td>
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<td><strong>Description:</strong></td>
<td>Hearing on Interveners' Motion to Terminate the Application for Certification, including a link to Rogelio Vargas English Translation (TN# 204939).</td>
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BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the Matter of: ) Docket No. 08-AFC-08A
Amended Application for )
Certification )
Hydrogen Energy California )
Project ____________________ )

Committee Status Conference
Hearing on Interveners’ Motion to Terminate the Application for Certification

CALIFORNIA ENERGY COMMISSION
1516 NINTH STREET
ART ROSENFELD HEARING ROOM
SACRAMENTO, CALIFORNIA

WEDNESDAY, MAY 6, 2015
12:00 P.M.

Reported by:
Peter Petty
APPEARANCES

Commissioners Present
Karen Douglas, Presiding Member
Andrew McAllister, Associate Member
Jennifer Nelson, Adviser to Commissioner Douglas
Le-Quyen Nguyen, Adviser to Commissioner Douglas
Pat Saxton, Adviser to Commissioner McAllister
Eileen Smith, Commissioner’s Technical Adviser for Facility Siting

Hearing Officer
Raoul Renaud

Staff Present
Jared Babula, Staff Counsel
John Heiser, Project Manager
Shawn Pittard, Public Adviser's Office
Rick Alexander

(* Via Phone)
Petitioner – Hydrogen Energy California, LLC
James Croyle, Hydrogen Energy California, LLC
*Michael J. Carroll, Latham & Watkins
*Mark Campopiano, Latham & Watkins

Interveners Present
Tom Frantz, Association of Irritated Residents
Chris Romanini, HECA Neighbors
Andrea Issod, Staff Attorney, Sierra Club

Government Agencies Present
Sara Nichols, California Air Resources Board
*Mary Jane Coombs, California Air Resources Board
*Robert Habel, California Department of Conservation, DOGGR
*Todd Taylor, Kern County Planning Commission
*Claire Smith, USDOE
Public Speakers

Mark Lamboy
Marian Vargas
Christina Snow
Ted Walker
Rogelio Vargas
*Evan Gillespie
HEARING OFFICE RENAUD: Ladies and Gentlemen, my name is Raoul Renaud. I’m the Hearing Office for the Hydrogen Energy California AFC here at the Energy Commission. And I am speaking to you just to make kind of a housekeeping announcement.

As you may have noticed we tried to set up simultaneous Spanish translation for this meeting. And we have it here for people in the room who would like it. We also tried to set it up to go out over our WebEx system, over telephone and computer. In trying to start that meeting -- both of those meetings today we’ve learned that you can only run one at once.

So what we’ve done is we’ve opened the Spanish meeting. We’re waiting to see if anybody tries to come into the Spanish-speaking meeting from the outside world. If they do they will get the message that’s up on the screen which is the -- an alternate meeting number. And that will tell them then they should hang up and redial and get that new meeting number. So we’re going to give them -- give people about ten
minutes, until about 12:10, to do that. And then we will get underway. So you have about five minutes before we start.

(Off the record at 12:06 p.m.)

(On the record at 12:21 p.m.)

PRESIDING MEMBER DOUGLAS: This is Karen Douglas. I’m the Presiding Member on the Committee that was assigned to this project. And my colleague, Commissioner Andrew McAllister, the Associate Member on the Committee is sitting to the left of the Hearing Adviser. On my immediately left, Raoul Renaud is our Hearing Adviser for this project. To my right are my Advisers, Jennifer Nelson and Le-Quyen Nguyen. To Commissioner McAllister’s left is his Adviser, Pat Saxton. And Eileen Allen, the Technical Adviser of the Commissioners for Siting Matters.

We’d like to start now with -- by inviting the parties to introduce themselves, starting with the Applicant, Hydrogen Energy California, LLC.

MR. CROYLE: Yes. My name is Jim Croyle. I am the CEO of HECA. We’re sort of like Bechtel. If you don’t like Bechtel it’s Bechtel, if you like them it’s Bechtel. This used to be
known as HECA. We call it HECA.

But the -- our Counsel, Mike Carroll, should be participating by phone. Marisa Mascaro who is responsible for all permitting for -- for the company is also participating by phone.

PRESIDING MEMBER DOUGLAS: Thank you.
And should we un-mute Mike Carroll? Is he -- everyone on the phone is muted right now.

Or should we --

HEARING OFFICE RENAUD: Yeah. Well, I think we can -- we can carry on.

PRESIDING MEMBER DOUGLAS: We’ll carry on with introductions. And then we’ll make sure your counsel is un-muted.

Staff please?

MR. BABULA: Jared Babula, Staff Counsel.

MR. HEISER: John Heiser, Project Manager.

PRESIDING MEMBER DOUGLAS: Great. Thank you.

Intervener Sierra Club?

MS. ISSOD: Hi. Andrea Issod for --

THE REPORTER: You’re microphone please.

MS. ISSOD: Hi. Andrea Issod, Counsel for Sierra Club.
PRESIDING MEMBER DOUGLAS: Thank you.

Intervener HECA Neighbors?


PRESIDING MEMBER DOUGLAS: Intervener AIR, Association of Irritated Residents?

MR. FRANTZ: Yeah. Tom Frantz from Kern County, President of the Association of Irritated Residents.

PRESIDING MEMBER DOUGLAS: Thank you.

Intervener NRDC? NRDC is not in the room. In a minute we’ll check and see if they are on the WebEx. So hang in there if you’re on for NRDC.

Intervener Environmental Defense Fund?

All right, same thing for them. We’ll check the WebEx in a minute.

Intervener California Unions for Reliable Energy or Kern County Farm Bureau?

All right, so in a minute, Raoul, if you can un-mute?

All right, so everybody is un-muted. So let me ask, first of all, the Counsel for the Applicant, if you could speak up?

MR. CARROLL: Yes. This is Mike Carroll
with Latham & Watkins, Counsel for the Applicant.

PRESIDING MEMBER DOUGLAS: All right. So we have found you there. We’ll keep you un-muted. Thank you.

MR. CARROLL: Thank you.

PRESIDING MEMBER DOUGLAS: If you’re on the phone or on the WebEx from NRDC will you please speak up? That didn’t sound like NRDC. If you’re on from NRDC, please speak up loudly and clearly.

All right, what about EDF, Environmental Defense Fund? Okay.

California Unions for Reliable Energy?

Kern County Farm Bureau?

All right, go ahead and keep us un-muted.

I’m going to ask now, are there any government agencies here or on the phone? If you’re in the room and you’re from a government agency, Department of Energy or -- could you please come up to the microphone and introduce yourself?

MS. NICHOLS: Sara Nichols with the California Air Resources Board.

PRESIDING MEMBER DOUGLAS: Thank you.

Anyone else in the room from a state,
federal or local government agency?
All right, or Native American tribe?
All right, what about on the WebEx?
Please just speak up if you’re representing a
state, local or federal government agency, or
Native American tribe.

MR. TAYLOR: Todd Taylor, Kern County Planning.

PRESIDING MEMBER DOUGLAS: Thank you.

Anyone else?

MS. COOMBS: Mary Jane Coombs, Air Resources Board.

PRESIDING MEMBER DOUGLAS: We’re having a little trouble with the names, I think. I’m watching our Court Reporter shake his head.

Could you repeat your name again?

MS. COOMBS: Mary Jane Coombs, Air Resources Board.

PRESIDING MEMBER DOUGLAS: Oh, great.

And we’ve got your name. You filled out. Perfect. Thank you.

Anyone else?

MR. HABEL: Rob Habel from the Department of Conservation, Division of Oil, Gas and Geothermal Resources.
PRESIDING MEMBER DOUGLAS: Perfect.

Thank you.

Anyone else? Anyone from the U.S. Department of Energy?

All right, so we have our Public Adviser in the room, Shawn Pittard.

Shawn, could you just stand up for a moment? All right.

So if anyone from the public has a question or would like any assistance or would like to make a public comment, you can fill out a blue card, he’s holding one up. And we’ll make sure that we hear your comment.

With that I am going to turn this over to our Hearing Adviser to continue.

HEARING OFFICER RENAUD: All right.

Thank you, Commissioner Douglas.

I’ll just briefly review our agenda for today. We -- we basically have two items of business. First is a Committee Status Conference during which we will hear from the parties regarding the progress of the case and how it’s going and where -- what kind of scheduling we might anticipate for the future.

The second item of business is a hearing
on a motion to terminate the application for
certification which was brought by Sierra Club,
AIR and HECA Neighbors.

We have today our, as you know, our WebEx
system running. During that time members of the
public can be listening in, as well as parties
can be participating. Later on in the agenda we
will open the -- open the floor for public
comment. And so any members of the public who
were here and wish to make a comment may do so.
And we ask that you fill out a blue card, which
you can get from the Public Adviser. Also, if
you’re on the phone, we will give you an
opportunity to make public comment.

A couple of housekeeping things. First
of all, this entire proceeding is being taken
down stenographically by a Court Reporter over
here. In order to -- and it will be transcribed
into a transcript as a printed version of this.
In order to get a clear record we need to ensure
that you not speak together. So we need -- we
need each person to speak one at a time, no
interrupting, to get a clear record.

Similarly, we have Spanish translators
listing to the proceeding and translating that on
a recording. So for their benefit, as well, it
is much better if you can limit -- limit it so
that people are speaking only one at a time.

All right, with that I think we'll turn
to the status conference. The -- the Committee
oversees these proceedings and is -- is
interested in seeing that they get to the -- to
the end somehow. The end typically is we hold
evidentiary hearings and then the Committee
considers the evidence and issues a proposed
decision, which then may or may not be adopted by
the full Commission.

The Preliminary Staff Assessment was
issued back in 2013. And we -- we have heard of
some concerns and issues that have arisen since
then that have resulted in a delay of the ability
to complete the Staff Assessment because of
some -- some information that hasn't been
provided yet.

And I think the first thing we'd like to
do is hear from each of the parties regarding the
status of the case, where you think it's going,
and where or when you think we might be able to
get to a point where the -- all of the
information that is needed has been provided, and
we could go to hearings.

Let’s begin with the Applicant, if we may.

MR. CROYLE: Okay.

HEARING OFFICER RENAUD: And, Mr. Carroll, I just want to make sure you are unmuted. Are you there?

All right. We’re going to get him unmuted.

(Colloquy)

MR. CARROLL: Yes. This is Michael Carroll. It appears that I am not unmuted. I am here, but I am going to defer to Mr. Croyle who is there in the room to provide a status update on the project.

HEARING OFFICER RENAUD: Perfect.

Thanks. But we’ll leave you unmuted in case you need to say anything.

MR. CARROLL: Thank you.

HEARING OFFICER RENAUD: So, Mr. Croyle, please.

MR. CROYLE: As I think is common knowledge by now, the -- the -- subsequent to the Preliminary Staff Assessment that was issued toward the end of 2013 the -- the work at the
Commission had focused on information, data that were required from Occidental Petroleum in the Elk Hills to -- to continue those -- that work. Unfortunately for -- for everyone the -- the senior management, executive management of Occidental Petroleum decided to spin off various companies and assets for the benefit -- financial benefit of their shareholders. And one set of assets that were -- were targeted to be spun off in 2014 was the -- the California -- the California assets that Occi held, primarily in the Elk Hills, and primarily the -- the place in which this project was going to deliver its Co2 for enhanced oil recovery.

That -- that spinoff required a significant amount of work inside of Occi, and everything from -- from determining the nature of that spinoff and -- and the relationship of the -- the ownership and any financial implications to the various shareholders, selecting a set of managers to run the new company in California, and selecting a board of directors for managing that company. And then, of course, putting together the financial structure for the company that would implement
the terms of the deal with the Occi shareholders for the spinoff, not -- not a small task.

We were -- we were asked to bide our time, that they just did not have the ability, the capability, the staff requirements, even, to focus on continuing the negotiations with HECA because they involved a lot of technical work, a lot of manpower work in selecting precisely where the -- the injections of the Co2 would take place, all the things related to that, and their plate was full with respect to restructuring the company.

We were -- I think we submitted a timeline of all the activities, a month-by-month sort of summary in our response to the Sierra Club petition. So I won’t bore everybody with going through that stuff. But I -- but I will say that as the year progressed in 2014 we kept being assured that -- at first it was sort of early fourth quarter of 2014. Then it became sort of the end of the fourth quarter 2014 that we would, in fact, get back to the table and -- and negotiate the terms of the agreement.

There were -- the broad outlines of an agreement between the project and Occi had been
structured BP when they owned the project. We were asked -- in fact, we came into this project when BP decided it no longer wanted to participate, and this is 2010-2011 timeframe. We were actually encouraged to come out by the Department of Energy because of the particular commercial and technological structure of our project that we were developing in New Jersey. They thought we could resolve some of the problems that the project ran into which were primarily the revenue stream needed for the power. It was a power-only project and not as we are presently structured.

So we took over in September of 2011 and we agreed with Occi, we met with Occi, and their -- their insistence of continuing in the course that had been set was that we agreed to the broad terms that they had established with BP, which we did, terms, with respect to volumes and pricing. Our volumes were a little higher because we produce -- because of the multiple products we produce a little more Co2. So we were providing additional Co2 to them, you know, in addition to what BP was going to be able to give them.
The significant terms of the contract or the potential contract that were not worked out with Occi had to do primarily with liability issues. There’s -- there are multiple billions of dollars going into this project. The capital is quite concerned that the project will, in fact, be able to continue to operate. And one of the -- one of the conditions of operating this facility, of course, is that the Co2 in the volumes that we have said would be sequestered through EOR or whatever.

So the -- we were in some significant discussions about who had liability for what, if there was an upset in the oil fields and they were unable to take our Co2 for some period of time and we may have been forced to shut down because of that.

So those are the kinds of issues that we continue to discuss throughout 2014 in sidebars, even though they were not doing anything that -- that this Commission required them to do with respect to producing data so that the permitting can continue. That was all put on hold. And I was just in discussions with -- with individuals and not a team at Occi.
We probably stayed with Occi just a little bit longer than we should have.

By the way, the spinoff company is California Resources Corp, CRC.

We probably stayed with them longer than we should have before looking for alternative paths because they were such -- they were such a critical part of this project from the beginning.

It was -- it was BP and Rio Tinto and Occi that started out in Southern California.

The -- it turned out that Occi could not recover -- they could not use the Co2 flooding in their fields in Southern California and suggested to move to Kern County. And the first site was -- it was on their property in the Elk Hills when endangered species was discovered, and they had to move from that site to the -- to the present one. So there’s sort of -- you know, it was an Occi project. And it would make perfect sense for -- for the EOR in the Elk Hills at that time.

The -- you should know, and this is relevant to where we are, the status of the project now, the revenue stream from that relationship with Occi was never significant. I
think the revenue stream was probably -- it was
subject to confidentiality agreements which
probably persist, so I can’t give a number. But
I can’t tell you the revenue stream from that --
that contract was not significant different than
our property tax. So in a $5 billion project it
wasn’t the economics of the -- of the deal with
Occi that was critical. It was the fact that
they were -- they were taking the Co2 and it
would be sequestered that would allow us then to
have low-carbon products and allow this
Commission to -- to permit us to build the
project.

The -- throughout the last part of 2014
and since the -- throughout the first quarter of
2015 we have been working -- we have been
working -- well, actually, earlier in 2014 we had
been working pretty diligently at the overall
economics of the project. The -- and I can
report that we have been quite successful on a
couple of fronts with respect to the way we’re --
we’ve structured the product lines and revenue
streams from them and the structuring of the
financing that allows a more efficient use of
capital.
And we now believe that the -- the agreement we had with the utility -- and I don’t know what I’m allowed to say about the utility, there’s so many rules in California about whether I’m even allowed to tell you who I’m talking to, but I guess everyone knows. We’re talking with -- with one of the major IOUs. And we had a term sheet. And as far as I know that -- that term sheet still exists. And the pricing in that term sheet was negotiated to allow for the financing of this important project, because it’s a demonstration project. We know what it’s intended to do. It’s not there to compete with fracked gas or anything -- anything of that sort. It’s there just to show the best economic and efficient way to get CCS underway. So the number was essentially, that we negotiated with the utilities, essentially a plug of what was required by the capital in order to get the financing done.

The stuff we’ve been able to accomplish over the last year with respect to those economics allow us to drop that price considerably. In fact, we’re -- we’re now able to offer a price well under what the utility’s
target was when we first started negotiations that we almost met but not quite. And I think we’re -- we’re getting down into numbers that are pretty competitive with other low carbon choices of power, expecting to be competitive. So in a demonstration project, a technology demonstration project where -- where capital is higher because of the nature of that we’re -- we’re actually getting to a point where the financing can take place with pretty interesting power prices as well.

The -- the pricing also has another element. We divulged this to the Air Resources Board in a meeting several months ago. But this project will generate, because of the nature of it, it will generate fairly significant AB 32 credits because of the low -- because -- not from the power side. The power side, that deal was negotiated with the IOUs and the PUC and maybe you guys, I don’t know. But we don’t -- this project doesn’t have any benefit on the power side from low -- from its low carbon status. It just allowed to operate. But on the other -- on this other product lines we are significantly, on the industrial side, we are significantly lower
in Co2 emissions than what AB 32 allows, and so
we will generate credits.

We disclosed to ARB that we have
negotiated -- we negotiated with the utility that
we would share those credits, the value of those
credits, with ratepayers. And a formula was
established where the ratepayers got most of
the -- of the -- those early credits, in essence
in reduced pricing. And the equity then would
share in anything beyond that. So the -- when
you take that into account, as well, we think our
pricing is getting really substantially strong or
good from the ratepayers point of view.

So we’ve been spending a lot of time
doing those things, financial structuring,
working with our product lines, slightly altering
the -- the nature of the -- of the project to
accommodate that. And working on the Co2 front
to look for alternative approaches to Occi. And
we’ve been talking, as we’ve disclosed, to a
number of other producers, small producers. And
also, since the revenue stream is not that
critical we’ve been looking at simply going into
geologic storage without EOR.

This also solves a problem that we’ve
been working on with respect to liability in that
we’re going to have an alternative sink
(phonetic) if there’s a problem with any of our
EOR customers. So I think we’re working that
side now pretty diligently on the -- on the Co2
and where it’s going.

HEARING OFFICER RENAUD: Okay.

Sorry, that was more than you asked for.

HEARING OFFICER RENAUD: No, that’s fine.

Thank you.

The one thing I’m not sure I heard in
there was any discussion of when you think you
might be in a position to provide the information
Staff needs.

MR. CROYLE: Yeah. I think --

HEARING OFFICER RENAUD: Do you have any
time estimates?

MR. CROYLE: I think we have submitted
something a day or two ago that suggests that
we -- we probably need -- we think within six
months we can have the Co2 part of this thing
nailed down sufficiently that we can come back
into the Commission and -- and start providing
the kinds of information you need to move the
project along.
HEARING OFFICER RENAUD: And you think that that might involve a different site than the -- than the Elk Hills location?

MR. CROYLE: A different injection site, yes.

HEARING OFFICER RENAUD: Okay.

MR. CROYLE: And those -- those potential sites are what we’re looking at now. And the reason we need the time before we come to you so that you -- it’s not just a story, you know specifically what we want to do.

HEARING OFFICER RENAUD: All right. Well, okay, we appreciate that. We -- that’s the kind of thing that could wind up needing to be an amendment to the AFC, but we’ll -- we’ll face that when we come to it.

MR. CROYLE: Sure. Of course.

HEARING OFFICER RENAUD: All right.

Shall we hear from Staff next please?

MR. HEISER: John Heiser, Project Manager.

Other than what’s been disclosed in the docketed item for today discussing the project schedule it seems that it’s on -- it identified all the issues that Mr. Croyle brought out, as
well as our understanding that we are still
waiting for data requests from our last workshop
in November of 2013.

HEARING OFFICER RENAUD: Okay. So the --
so the information you’re still awaiting
basically is dependent on the CCS determinations;
correct?

MR. HEISER: Correct.

HEARING OFFICER RENAUD: All right.

MR. HEISER: Yes. And there’s been
additional data requests, too --

HEARING OFFICER RENAUD: Uh-huh.

MR. HEISER: -- from other technical
staff.

HEARING OFFICER RENAUD: And this may
be -- I don’t -- I don’t want you to guess at
this, but if you have an estimate, once you have
that information how long would Staff need it and
need to work on that before being able to -- to
do the -- the FSA?

MR. HEISER: Well, if the applicant is
talking about different sequestration sites --

HEARING OFFICER RENAUD: Uh-huh.

MR. HEISER: -- we’re looking at
additional Cultural Resources investigations,
Biological, so it’s opening it up quite a bit.
So I really can’t give you a timeline until that information comes in.

HEARING OFFICER RENAUD: Thank you.
That’s -- that’s a good point though. Thank you.

MR. HEISER: Uh-huh.

HEARING OFFICER RENAUD: I appreciate you raising that.

MR. BABULA: This is Jared Babula, Staff Counsel.

One other thing. I just wanted to make sure the Committee is aware that they did file a request for a six-month suspension, the applicant did. I think it came in yesterday. And so, I mean, at a minimum we’re going to be looking at six months out. And at that time we would also have to consider some of the information in the PSA, whether -- besides project changes affecting that, also whether the data, it may be stale in some cases too. So that’s just another consideration to be aware of.

HEARING OFFICER RENAUD: Okay. Thank you. I should mention the -- the request for suspension, that was filed yesterday. We didn’t -- it’s not on the agenda because we
didn’t know about it. So it’s not -- it can’t really be a topic of -- of a great deal of debate here. We -- we are going to listen to anything that anybody wants to say about it today. But under the regulation governing motions, and that is a motion, we need to allow some time for parties to submit anything in writing that they want to, and for members of the public to submit comments, as well, before the Committee could make a decision about that.

MR. BABULA: Just one thing on that. The Warren-Alquist Act, though, does allow for, just through mutual agreement, an extension of time. And so there isn’t really any metrics incorporated that needs to be shown on that. And so it may be plausible to just, as part of the overall discussion here when we set forth a schedule, just consider that as part of the procedural process.

HEARING OFFICER RENAUD: All right. Thank you. Okay.

Let’s hear from any interveners who want to provide us with a status update. Let me start with Sierra Club.

MS. ISSOD: Hi. This is Andrea Issod. I
guess I have a hard time figuring out where to
start. I’m going to save argument on our motion
for that hearing.

But we’ve heard -- we’ve just heard a lot
of new information from the applicant. We saw an
e-mail in the docket about a week ago. And I
mean, I could talk a bit about the questions that
we have about them. I don’t know if it’s
appropriate for us to ask questions to the
applicant directly, if you would allow that. I
could just phrase the questions.

HEARING OFFICER RENAUD: Yeah. The
status -- the status conference is generally for
the Committee to receive information about how
the case is doing and the status and so on from
the parties. But it’s -- it can be a fairly
free-flowing thing. Let me just check with the
Presiding Member momentarily.

(Colloquy Between Hearing Office Renaud and
Presiding Member Douglas)

HEARING OFFICER RENAUD: Okay. So right
now we’re going to kind of go through a first
round with everybody just to -- to get
basically -- state you’re here and give us any
information about your views on status. And then
I think we can have a little more of a discussion where people can -- could at least state what their questions or concerns are, and we’ll take it from there. So --

MS. ISSOD: Just -- so just a brief summary. And then I’ll have -- I’ll have a chance to ask maybe some more specific questions, it sounds like, is that --

HEARING OFFICER RENAUD: Yes, that’s right. Yeah.

MS. ISSOD: Thank you.

So I think from our perspective our status’s update is well laid out in our motion to terminate. We think this project has, you know, been going on -- it’s been proposed for seven years. Staff has been working on this for seven years. And the project -- the proposal still has yet to tie up really fundamental aspects, and not just the Co2 but water issues. Now we’re hearing about entirely, you know, new injection sites which raises so many new questions. I’m going to have a number of questions about these new chemical product lines and products in the transportation sector.

And you know, I mean, the process for
this going forward, it just seems to us we’re
talking about an entirely new project now. So
I’ll leave the questions and -- and argument,
sort of --

HEARING OFFICER RENAUD: For later.

MS. ISSOD: -- make a summary of the
status.

HEARING OFFICER RENAUD: Good. Thank you
very much.

And let’s now ask HECA Neighbors if you
have anything to add to the status discussion?

MS. ROMANINI: I also have many questions
about the product lines that Mr. Croyle is
referring to, and what is this approach to
sequestering? But this transportation sector,
I’m wanting more information about what these
products are that he is proposing, these new
chemical -- chemicals that he has in mind.

And also I’m wondering when we will get
some information about the water. I mean, we
farm in this area. We have fields that we are
leaving fallow. And they’ve been asked a year-
and-a-half ago to look at dry cooling and other
ways of preserving what we need to operate in.
When are we going to get this information?
Beau Anton Giovanni put in -- a salinity field trials paperwork was docketed over a year ago. It was -- it was -- it was very scientific and it showed how usable this water is. And we’re just spinning our wheels talking about using that water still on this project, 7,500 acre feet a year.

Anyway, I would like to see more answers coming forward. It isn’t just the Co2 that we have questions about. We’re wanting to know what is happening to this -- the water in your ice and what are they thinking that they’re doing with our -- with the water. It’s usable water.

HEARING OFFICER RENAUD: Okay.

MS. ROMANINI: Thank you.

HEARING OFFICER RENAUD: Thank you.

Okay.

Tom Frantz with AIR.

MR. FRANTZ: Hello. I will tell you that with the drought the last couple of years, like on my farm ten miles south of the project the water table has dropped 40 to 50 feet the last two years. According to farmers I’ve spoken with in the Buena Vista Water District their water hasn’t dropped as much, but at least 20 to 40
feet, a little bit less in that area. But their water table is dropping significantly. So the comment about, you know, taking more water out is very pertinent to all of us in Kern County.

The -- as Ms. Issod was saying, there are other issues besides what the Co2 -- where the Co2 is going to end up. Mr. Croyle said that was the main thing the CEC wanted. But in the PSA it questions about the waste, the water, even how you calculate the final Co2 emissions from the project, and how much energy do you actually attribute to the project. These were big questions that were unresolved. There were questions about traffic that were still unresolved, all the truck traffic. And even the land use and how do you mitigate for the loss of farmland? That’s never been resolved. And the -- there’s even zoning questions, especially if the project changes now, big zoning questions for the area.

The environmental justice issues, both in Tupman and in Wasco, have not been addressed by Staff yet. They’re lacking information or time to do the studies, I don’t know.

And then we have all these scandals that
have happened in the least year since there’s 
been no real activity that have come to light, 
like the PUC, scandal and emails that said, okay, 
we helped you keep HECA alive, now you’ve got to 
do something for us, from PG&E to Mr. Brian 
Cherry. You know, this is all public information 
now that needs to be considered in this project. 
Is the PUC going to make a contract now with this 
entity after all of that scandal? Probably, 
because we know this type of process is not all 
above ground. This is a very strange process to 
go on for seven years now.

Mr. Croyle said Occi couldn’t inject Co2 
in Long Beach, but they were laughed out of Long 
Beach. That’s why they moved up to the Elk 
Hills.

And Mr. Croyle says that injection of the 
Co2 -- saline Co2 wasn’t an economic issue. But 
it’s a huge economic issue when you have to do it 
yourself. It’s very expensive to get all of that 
Co2 injected. So I have questions about the 
economic feasibility of the project doing that 
themselves and guaranteeing that it will all stay 
down there and doing it safely.

And I’m very upset that the DOE doesn’t
seem to be at this meeting. Is the DOE still spending money on this project or have they pulled out? And the fact that this was -- a lot of this 100 million or so was stimulus funding, yet nothing has happened all these years. They cheated the taxpayer greatly. And if the project goes away, which it should, what happens to things like the emission reduction credits that have been purchased by Mr. Croyle with taxpayer money? Does he now get to sell them and keep the money and we get the pollution?

So for my status update I have all these questions going on in my mind that need to be addressed. And there’s probably, I know, quite a bit more, but I’ll stop.

HEARING OFFICER RENAUD: All right.

Thank you. Okay.

Now the remaining interveners in the case are not present. But I’m going to ask Mr. Alexander to un-mute everybody so in case they’ve joined by phone we can -- we can find that -- find that out. Okay.

So first of all, NRDC, are you present on the phone? No. Okay.

Environmental Defense Fund, EDF? Okay.
No.

CURE, California Unions for Reliable Energy? No.

Kern County Farm Bureau? All right.

And the U.S. Department of Energy, have you joined the -- the conference?

MS. SMITH: My name is Claire Smith and I am with the Department of Energy, Office of Social Energy (phonetic).

HEARING OFFICER RENAUD: All right.

Thank you very much.

Okay, thank you, Rick. And could we leave Ms. Smith un-muted, as well as Mr. Carroll, Mike Carroll? Okay.

So I think we’ve -- we’ve given each intervener and each party, actually, a chance to -- to tell us their view of the status.

Sierra Club, Ms. Issod, as indicated, you have a number of questions. And I think it could be constructive for you to state what those are. I want to set this up that it’s -- this is not cross examination of the applicant.

Mr. Croyle, you don’t need to be on the defensive and feel you need to respond to everything. But I think it could be useful to
hear what Sierra Club’s questions are. Any comment or response you wish to give us, we would certainly listen to. But don’t feel obligated.

MR. CROYLE: There are a couple of points I can respond to now if you’d like to me to do that briefly because they’re -- they’re pertinent to what I think this Commission is quite concerned about with -- with us.

HEARING OFFICER RENAUD: Go ahead with that, and then we’ll turn back to Ms. Issod.

The first is that there’s been -- there’s absolutely no change in the chemical plant structure of this project. But the EPA has -- so there would be no -- the only change that’s going to occur is there may be a reduction of making urea pellets. So it will be -- it will be a reduction of whatever came out of that -- of that pelletizing process.

The EPA has required the -- the -- in diesel engines to do further NOx control with the use of something they call diesel exhaust fluid. That is simply a high purity urea that we manufacture. It’s -- it’s agricultural fertilizer that is then used. So when we say that we have an impact in the transportation
sector it’s not that we’re providing any
different chemicals out of our project, but
rather it’s a way of using the fertilizer to
accomplish the EPA mandate. And therefore it has
an environmental benefit in the transportation
sector because it comes from low-carbon footprint
high purity urea.

With respect to injection, the -- the
most likely injection source spot will actually
be out site, so that the Culturals and the
Historicals have been done.

The -- we -- one of the things we’ve been
spending all of our time in is looking at all
the -- all that geologic work that the -- the
national labs have done. And it appears as if we
are located perfectly for geologic storage
without EOR as well. So -- but that’s something
that we’re working on and we’re not prepared to
present here yet.

HEARING OFFICER RENAUD: Okay. Thank you
for that.

So, Ms. Issod for Sierra Club, if you
care to just state what your questions and
concerns are, and we’ll take it from there.

MS. ISSOD: All right. Thank you. And
thank you to Mr. Croyle for some of these clarifications. I’ll try to organize our thoughts and questions by category.

So on the Co2, I mean, a few thoughts and questions. We noticed that in the alternatives analysis, in the staff’s Preliminary Assessment/Draft Environmental Impact Statement there are basically no alternative sites proposed. So it’s interesting that we now here there are so many other potential alternative sites.

And, I mean, as Mr. Croyle was -- was just remarking, Occi -- this was an Occi project. And Occi has been a critical part of it from the beginning. And the characterization of an underground formation is a very complex thing. Now maybe Berkeley Labs and some other places have been trying to characterize these formations, but the attractiveness, I think, of the Occi formation is that it was -- it was well studied and well known. So there’s going to be a number of questions about -- not just a number of questions, but I think an entirely new process that needs to be started around any new formation, I mean, any, you know, including
permitting proceedings for these underground injection wells and to figure out how much -- how much do we know about these formations.

So --

MR. CROYLE: Could we -- could I address that then? The -- the characterization of the geology here is quite extensive. We have been quite impressed with it. The reason this was not considered previously was that we believed it would not be possible to do this kind of injection and get it financed because it requires Class VI Well Certification which had not occurred anywhere in the United States. In fact, the Secretary of Energy in a meeting I was within stated that he thought we could never accomplish that. And so we discouraged from moving -- trying to move in that direction.

In fact, the EPA and FutureGen did get the Class VI Certification and did so with parameters and protocols and liability aspects that are financeable that the capital will accept. So that is a very new development that has made this available.

The characterization of the geology was actually done with funds, I think from the
California Energy Commission, from the Department of Energy as well. So this was not a maybe somebody did this, maybe somebody did that. This was a very considered effort by California and federal agencies to determine the geology of -- of the San Joaquin Valley and its appropriateness for Co2 storage. So this is not a will of the wisp kind of thing.

MS. ISSOD: Okay.

HEARING OFFICER RENAUD: All right. Let me just sort of interject here that I’m concerned that we -- this is beginning to sound more like an evidentiary hearing than a status conference.

MR. CROYLE: Right.

HEARING OFFICER RENAUD: If you can keep your statement of your questions or concerns limited to concise, perhaps, issues rather than setting forth your -- your client’s position we’d appreciate that. We’d like to --

MS. ISSOD: Okay.

HEARING OFFICER RENAUD: -- give the other parties a chance to speak, as well, and then move on to the motion. Thank you.

MS. ISSOD: Okay. I’ll do my best. And I’m biting my tongue to not respond to that last
statement, but I will.

PRESIDING MEMBER DOUGLAS: But just remember, this is not an evidentiary hearing. Nothing that is said by any party is going to appear in a record of decision or be cited or anything like that. So this is not your opportunity to convince us of facts. This is an opportunity to share information about the status of the case, timing, and obviously we’d like to move into your motion sooner rather than later.

So if there are clarifications that you’re interested in that might affect your thinking on timing or our understanding of timing, that would be helpful.

MS. ISSOD: Right. Okay. So I think the next bucket --

PRESIDING MEMBER DOUGLAS: And I’m sorry, I’ll just interject one more time. After the parties have -- after we’ve gone around to the parties, we do have a couple of questions for the DOE representative which we will ask at that time. And then we’ll go back around and see if any of you have additional questions you might want us to ask. But just so you know that we -- we noted and we’re pleased that DOE is
participating. And we will send a question or
two their way.

    MS. ISSOD: Okay. Thank you. I think I
can probably put maybe even all the rest of the
questions into one bucket of the economics.

    So Mr. Croyle was just talking about how
now they’re -- they’re -- they’ve re-jiggered
their revenue streams and they can now offer a
better price. So it seems like -- I mean,
obviously, they’re making a lot of assumptions
about where this injection site is going to be
and how much it’s going to cost and the
liabilities and all of that. And -- but we have
this -- this email that raises a lot of questions
about, I mean, where are we with the DOE funding?
And we heard from the applicant in the -- over
the last few years a number of times of how
critical the DOE funding was and the timing for
that funding. So now in this email we heard that
DOE funding is over.

    We hear about new chemical product
line -- or maybe not new, but chemical product
lines and products in the transportation sector.

    So I think clarification of all of those
areas would be the next bucket of questions.
HEARING OFFICER RENAUD: Great. Thank you. And I think any -- if we -- you know, once -- if -- if the -- what Mr. Croyle is telling us comes to pass and they end up submitting new filings which would indicate a different site and so on, you know, we’ll -- we would proceed in the -- in the fashion in which the EC does that which is to examine these things thoroughly, give everybody a party to -- a chance to examine it and fully vet it. But nothing has happened yet, but we appreciate your -- your telling us about those concerns, and thank you.

Any other party wish to provide any further issues for the status conference?

Yes, Mr. Frantz?

MR. FRANTZ: Yeah. We heard some new information today, as well, about AB 32 credits, carbon credits from the manufacturer of a product. I’m assuming the fertilizer or -- I don’t -- I don’t even know what they’re talking about. But we need a lot of information about that and how that’s calculated. Because CEC staff did bring up at one point a year or so ago, there’s a lot of Co2 emissions attributed to using nitrogen fertilizers. And the manufacturer
of that fertilizer, just like the manufacturer of transportation fuels or the manufacturer of electricity, when it’s at such a large quantity it needs to fall under Cap-and-Trade Rules and that kind of thing, I would think. And it’s a fact that if you produce 500,000 tons of urea fertilizer, nitrogen fertilizer, when that fertilizer is applied to fields across the U.S. and across the world, perhaps, there’s going to be about 6 million tons equivalent Co2 in the form of N2O emissions attributed to that fertilizer. And we’re under the gun to use a lot less fertilizer these days and, of course, the lower Co2 emissions and find other ways to grow crops. So this is — this is evolving information that really hasn’t been studied much about this fertilizer production. And then Kern County really needs to get involved. I’m very curious if they would approve any fertilizer to suddenly be used as a NOx control in diesel engines, you know, because now you’re -- now you’re getting into the zoning. That property is in no way zoned for any product to be used in that way, to be manufactured there. Okay.
HEARING OFFICER RENAUD: Thank you, Mr. Frantz.

And any other party wish to add further to status conference? No?

MS. ROMANINI: I would like to ask, how many product lines is he selling? I thought it was just fertilizer. I’d like to you know, what are the products that he is selling?

PRESIDING MEMBER DOUGLAS: Are there additional product lines besides fertilizer and electricity?

MR. CROYLE: No. It’s the -- the end use of the urea is what’s in question. And we, of course, will talk to the county about whether they have objection to the fertilizer being used in such an environmentally beneficial way.

I had one comment, because the jiggering -- to get rid of the jiggering notion about our economics. The only thing that’s in the category of jiggering is that the -- the investment bankers told us that in our fertilizer offtake agreements we would have to have a floor price because the capital would not take market risk. That has changed.

We’re now told by our investment banks
that the -- the capital is comfortable with long-term conservative market forecasts for those fertilizer products. And therefore, to get the financing done we won’t have to put that low floor price in. We can use a more conservative revenue -- I mean, we can use a conservative but higher revenue stream forecast in the financial proforma which allows us, as I said, since the -- the PPA price was kind of a flood, allows us to reduce that price because we don’t need as much revenue from that side.

So that -- that’s a bit of financial jiggering. But -- but I don’t -- there’s nothing else.

HEARING OFFICER RENAUD: All right.

Good. Thank you.

Now, Claire Smith, you’re still there?

MS. SMITH: Yes, I’m here.

HEARING OFFICER RENAUD: Okay. Good. I believe Commissioner Douglas has a question for you. And thank you again for joining us.

PRESIDING MEMBER DOUGLAS: Yeah.

MS. SMITH: Sure.

PRESIDING MEMBER DOUGLAS: Good afternoon. I just had a couple of questions,
mainly pertaining to the status of the DOE funding for this project and whether there are any -- or what the deadlines and what milestones, if any, are in place for the project?

MS. SMITH: I’m happy to take all your questions to my leadership here. I’m not prepared to answer these questions directly at this time.

PRESIDING MEMBER DOUGLAS: Okay. So at this time you’re not able to speak to deadlines --

MS. SMITH: Yeah. I would --

PRESIDING MEMBER DOUGLAS: -- or milestones?

MS. SMITH: Just that this time. I’m -- I’m here to listen and take note. And I’m happy to respond with answers --

PRESIDING MEMBER DOUGLAS: Okay. Are there any --

MS. SMITH: -- after I check with leadership.

PRESIDING MEMBER DOUGLAS: Sorry, I don’t want to speak over you, especially with our translation going.

Are there any status updates that you are
authorized to provide?

MS. SMITH: None, other than, I think, likely are already public knowledge, right, with the Recovery Act funding and all that? I believe everything -- I can’t provide anything now.

PRESIDING MEMBER DOUGLAS: All right.

Thank you.

MS. SMITH: Sure.

HEARING OFFICER RENAUD: Yeah.

MR. CROYLE: I’m happy --

HEARING OFFICER RENAUD: Okay.

MR. CROYLE: I’m happy to respond to that, on just an informational basis.

We had a deadline for expending ARRA funds by September, I think it was, of 2015. That -- that is not going to happen. There is probably little. About $110 million of grant money that came -- left that came from that source that will not come into the project. The -- the other monies, maybe another $140 million of CCPI money sits there without -- without any particular timeframe, except the project has to be in -- has completed construction, if forget, it’s like by 2020 or 2021, something of that sort. So we’re -- we do
need to get construction going to preserve the
CCPI monies.

The -- the way the grant is structured is
it was -- it was structured into phases and
 budgets for each phase. Phase 1 is the
development phase. And we budgeted about $100
million for the development phase. We have spent
that money, and so there is no further grant
 monies available to us in Phase 1, and we’re
still in Phase 1.

We have requested that the department
transfer, I forget the number, 20 or 50 -- $15
million or $20 million of Phase 2 money into
Phase 1 that we could use to complete this
project. That -- that request of the DOE has not
been acted upon. It has been either -- it’s been
neither allowed or denied. It just sits there.
And the practical -- the practical world is we do
not have access to any of the grant money to
complete Phase 1 at this point in time.

We had been told at various times by the
leadership in Washington that they would not act
favorably upon our request until we had something
substantial out of Occi. We have not been back
to the department with any alternative to that to
see whether they would be willing to entertain
transferring any of that money.

The economics of the project are such now
that once we get through the development phase we
can give back any other grant monies that are
unused. We don’t need them for the permanent
financing.

HEARING OFFICER RENAUD: All right.

Thank you for that.

I think we’ve done all we can in the
status conference portion of this.

And we’ll move into the next agenda item,
excuse me, which is the motion brought by Sierra
Club HECA Neighbors and Association of Irritated
Residents to terminate the application for
certification based on failure -- alleged failure
of the applicant to pursue the application with
due diligence.

This -- this motion is brought pursuant
to section 1720.2 of our regulations. And as I
just stated, the -- it is limited to whether or
not the application has been pursued with
diligence. A motion of this type is not intended
to be a referendum on one’s opinion of the
project, whether it’s a good project, a bad
project, etcetera, etcetera. It simply: Has the applicant acted in a diligent manner with respect to that? And that is the -- the sole basis upon which the Committee can base its decision.

So with that in mind I would like to remind the parties, we have your briefs. We have read them. If there’s anything you would like to say here that would enhance, add to or emphasize what’s in your briefs, we’d like to hear it.

And as the moving party, Sierra Club, Ms. Issod, you may go ahead.

MS. ISSOD: Thank you. And I’ll try to stay brief because, I mean, our -- our motion is -- is quite complete with references for the basis, why we believe that the applicant has not pursued this proposal with due diligence. And I’ll just try to highlight and summarize those reasons.

For seven years this Commission and other agencies have spent a significant amount of item and resources reviewing this project. And for seven years the developers have been unable to tie up the loose ends and nail down fundamental aspects of this extremely controversial and complex demonstration project. Seven years alone
demonstrates a lack of due diligence on its face.

This proposal has real impacts on the surrounding community. For seven years the local community has spent their time and effort attending these public hearings to voice their opinion and add much needed facts and questions to the record, in some cases in the middle of their harvest season.

There’s a few members of the surrounding community that have come here today who, I’m sure, will voice some of their comments in the public comment portion of this hearing. And these are the people who, you know, just having this proposal out there affects their lives, it affects the economics of their property, of trying to sell their property. It effects decisions about how -- decisions they’re making on their farm. It affects decisions about, you know, future generations on these farms.

So really when the Commission is making a decision about, you know, whether this proposal has been diligently pursued, I urge you to consider those impacts on the community.

There are multiple significant unresolved issues, according to staff in the -- in the
Preliminary Staff Assessment. I’m not going to argue about those issues but point out that we believe the applicant’s failure to respond to those issues for over a year-and-a-half demonstrates a lack of due diligence.

As I mentioned, this was an Occi project. Now here we are without any plan for a Co2 injection site, which is a critical aspect of the project. That -- that could -- that could definitely be called due diligence. It could be called a new proposal. But now we’re talking about due diligence. So I’m going to say that’s due diligence.

Just a few more points.

On the water, as we point out in our motion, the applicant hasn’t responded to critical unresolved questions about water. That’s a lack of due diligence. I mean, we can give them an unlimited infinite amount of time to respond. But that would -- I believe this provision is therefore to cut off, to terminate the state’s expenditure or resources on projects when it’s really looking like this project isn’t being pursued.

I mean and I think just to conclude, we
would like an opportunity to respond. It probably would have made sense to have a hearing at the same time on a request for a suspension, because I’m sure the Commission is -- I mean, it’s out there now as a consideration, as an alternative to termination. But we do believe that termination is the appropriate remedy in this context. If this project can ever pull all the pieces together they can come back and put together a new application and put forward the appropriate filing fee and start over.

But really, seven years is long enough already with so many fundamental pieces up in the air. There’s so many significant unresolved questions. And having the proposal hanging around has very real consequences. And we would urge the Committee not to suspend the project, and we’ll have more to say about that.

HEARING OFFICER RENAUD: All right.

Thank you.

Would the applicant care to respond to the motion?

MR. CROYLE: Sure. Let me try to stay focused.

HEARING OFFICER RENAUD: Okay. Yeah. It
was a joint motion.

Ms. Issod, are you speaking on behalf of the three moving parties or --

MR. FRANTZ: A little more.

HEARING OFFICER RENAUD: Do you want to add, Mr. Frantz? Okay. Go ahead.

MR. FRANTZ: Yeah. I want to add a few what I think are facts in what has happened that may differ from what the applicant says.

But you know, they had a public information office in Buttonwillow where the public could go and get information about the project. There was a phone number on the web page where the public could call and get information about the project.

So in April, at the end of April of 2014, the office as closed and the phone number was disconnected. From that time on you can -- you can even go today to their web page, I believe, and try and call that number, you get nothing. So the public was put in the dark last April about the project. As far as the public was concerned in Kern County the project had disappeared.

Some spokesperson was called. Somebody
at that project even told a reporter once that, “Oh, we moved the office to Shafter.” That’s like a joke where I live. Like I was the office now for HECA. Now you know, it’s like -- like I said, the public figured the project is over.

Now concerning the new California Resources Corporation and Mr. Todd Stevens who was appointed, I’m not sure exactly what -- he took over in July last summer, we believe, maybe a little bit sooner. We were so curious, you know, with the office gone and everything quiet. So we to Mr. Stevens and he met with us in early October. And he said very clearly, “We are not even discussing this project with anyone. I won’t even answer the phone when they call.” And he was referring to the project and the DOE, everybody. He was not interested in the project.

Yet according to Mr. Croyle’s notes they were meeting seriously through that period, before and after Mr. Stevens met with us. His mind wasn’t made up the day he met with us. This was -- I think they made it very clear much earlier than what we’re being told today that they were done with this project. You know, there was nothing that interested them according
to any terms they had ever been presented with, so there was no need to discuss it any further.

So it’s been quite a while since then, too, yet we’re -- we’re being told maybe that that conflict came to light a little bit later than -- that what we were told. We were told the project, that wasn’t going to go through. And there was no other word anywhere. So you know, we’re getting ready to even celebrate a little and get on with our lives a little bit. And now out of the blue the project is being resurrected.

But I don’t think we were told the truth -- that we’ve being told the truth. Either Mr. Stevens or Mr. Croyle is not telling the truth about what was going on in these negotiations. And all we can do is take their word for what happened. There’s no evidence of any of these meetings that I’m aware of. Thank you.

HEARING OFFICER RENAUD: All right. Thank you.

And, Ms. Romanini, did you want to add to the motion?

MS. ROMANINI: The motion, I just wanted to add to this -- this status letter, this
response letter, also, because it was such a
shocking to me the -- the way Mr. Croyle
eenvisioned what happened last summer and last
fall between CRC and -- and himself and what Todd
Stevens told us. And I don’t know why Todd
Stevens -- what would be in it for him to tell us
anything differently. He said that he was not in
negotiations. And I called him even in December
because they ran -- they ran a special news thing
on our TV, they did an investigative on him, and
I called to say, “I want to know where you are on
it?”

And he says, “Nowhere. What we said was
nothing has gone on.”

And even when we met with him in August
he said he had not been -- he had had not
conversations with the DOE. And according to Mr.
Croyle, he said that he had met with -- that it
had happened that Todd Stevens met with the DOE
in August. Well, I don’t know why Mr. Stevens
would want to fabricate and say, “No.” He says
that he did not want to take any calls. He was
only -- he got a few calls from lower management,
but never any -- and he says, “I didn’t take
them.” He said it’s -- it’s an issue of -- well,
they weren’t going to take -- he said he wasn’t
taking -- it’s liability. The liability was
something they could never get past.

And anyway, I’m just saying you can’t --
I can’t believe this because it’s a different
story from what we were told. And we locally
would like to get on with our lives. This was a
big day, coming up here. And what I gave up to
come today, you won’t understand. But a lot of
people in this room have been affected.

And my family, we farm right next to it.
And for seven years this has hung over our head.
And we thought, yeah, we were ready to celebrate
that it was gone. And now we need a timeframe.
When can we say, yeah, we can make some family
decisions that this nightmare is over? When can
we put it to bed? Either it’s coming and we make
our decisions one way or it’s not coming.

Thank you, and let us move on. But it’s
just gone on and on, and it’s disrupted so many
lives locally. And I just ask you to consider
what it’s doing -- what it’s doing to us.

HEARING OFFICER RENAUD: Okay. Thank
you --

MS. ROMANINI: Thank you.
HEARING OFFICER RENAUD: -- Moving Parties.

Before we turn to Applicant to respond if you wish, let me just check in with Staff quickly.

Did you -- do you have any -- anything you wish to say about the motion? I don’t believe I got anything from you in writing.

MR. BABULA: Right. We didn’t file anything. We sort of -- sort of sit back and let the parties sort of debate it.

Although I would offer -- and I do understand the concerns that the interveners have brought up in not knowing how this is going. And so one alternative, if it ends up going this way, would be to do some sort of clear suspension with clear deadline and milestone of when things need to start up and to assure that, of course, nothing is going to happen without the interveners being engaged fully. And to also know that no one should be doing any work on this while this time period is happening.

But we do need some clear ending at some point. And so at least if there is a schedule that everybody is going to hold to, that might be
a way to move forward and then -- but still give
the assurances that they see there is a light at
the end of the tunnel and that there is some
ending point.

So that’s all I have to add.

HEARING OFFICER RENAUD: Great. Thank
you, Jared.

All right, would Applicant care to
respond to the motion to terminate?

MR. CROYLE: Yeah. Why don’t I just
make, again, a focused statement.

While there has been a roughly 18-month
hiatus in the CEC proceedings we have nonetheless
been diligently pursuing the AFC by pursuing a
Co2 offtake agreement.

Up until November of last year we
continued to believe that an agreement would be
reached with Occi, now CRC. Due primarily to a
major internal restructuring of Occi/CRC, that
has not been -- that has not been possible.

Since late last year we’ve been exploring
arrangements with alternative Co2 offtakers,
including, as I mentioned, working with
gеological storage that -- that has been
categorized for the San Joaquin Valley.
As detailed in the month-by-month summary of activities set forth in our response to the motion to terminate our efforts to obtain an offtake agreement have been significant and sustained and reflected diligent effort on our part to advance review of the AFC. Our discussions with potential offtakers are ongoing. And while an agreement does not appear imminent, we remain optimistic about the long-term prospects for the project.

All the -- all the parties have put a tremendous amount of effort into review of the AFC and it does not make sense to scuttle that effort by terminating the proceedings at this point. In the alternative we have requested a six-month suspension of the AFC proceeding and are prepared to -- to honor significant milestone requirements.

HEARING OFFICER RENAUD: All right.

Thank you.

Well, you’ve -- you’ve heard the moving parties, I think, call into question some of the statements in the response in which you’ve listed a few pages of activities that have taken place from November 2013 to February to March 2015.
And I guess the question in my mind is can -- is there any kind of documentation or proof for these -- the activities? Since the parties have called them into question is there -- are there -- how did this -- where did you get that from? Was it records, calendars?

MR. CROYLE: Emails. Our own -- our own internal records.

But let me -- let me -- let me make the point that what has been said here is not inconsistent with what we have submitted. And I can guarantee you that what we have submitted is factual. The -- the -- we’ve indicated to you that it wasn’t until November that we had sort of begun to really give up on these guys. That’s not inconsistent with their having heard in October that the CEO was not taking calls.

That’s not inconsistent with the fact that he -- that Todd met with Julio Friedman in August. I was told specifically that that meeting occurred. I was told explicitly by Dr. Friedman that -- that Todd Stevens said he -- he did have an interest in this project. And he even talked a little bit about how he wanted the price lowered.
So none of these things are inconsistent with one another at all.

HEARING OFFICER RENAUD: Well, but --

MR. CAMPOPIANO: And this is --

HEARING OFFICER RENAUD: Excuse me. Who is that?

MR. CAMPOPIANO: I’m sorry. This is Mark Campopiano, Counsel for -- for the applicant. I’m stepping in for Mike Carroll --

HEARING OFFICER RENAUD: All right.

MR. CAMPOPIANO: -- my partner who had to step out for the moment.

And I just wanted to echo that as well. I mean, one, this is not an evidentiary hearing.

And also, to the extent that there were statements that interveners heard from CRC, I mean, this is an ongoing active negotiation where CRC is looking to get a good price for the deal, and they’re still considering it.

So whether statements made to individuals or even in the public need to be kept in that context, as well, that this was still part of a negotiation. And they’re looking for opportunities for leverage possibly.

And it also reflects, though, that the
effort, the diligence was there on behalf of the applicant. There’s the -- the diligence in this attempt to resolve this meeting issue is the critical point, that they understood and continue to understand that this is the leading issue for this project. So instead of focusing on these other areas that we recognize are still outstanding, such as the water and how some other concerns will be addressed, the applicant has focused its energies, and the agency’s energies to the extent they have time, to resolve this key issue.


COMMISSIONER MCALLISTER: I had a question for the --

MR. CAMPOPIANO: Yeah. Right.

HEARING OFFICER RENAUD: Commissioner McAllister has a question for you.

COMMISSIONER MCALLISTER: A question for the applicant. You refer to a Dr. Friedman, Julio Friedman. And could you just tell us exactly who that is?

MR. CROYLE: Oh, yes. He’s -- they have so many titles -- an Assistant Deputy Secretary
or something. But he was -- he was responsible for the major demonstration projects under the CCPI program. So HECA --

COMMISSIONER MCALLISTER: For the Department of Energy? For the Department of Energy?

MR. CROYLE: For the Department of Energy.

COMMISSIONER MCALLISTER: Okay.

MR. CROYLE: He’s in the Department of Energy. I think he has a different position now. But -- but at the time in question he was the head of the fossil fuel area that was responsible for getting the demonstration projects done.

COMMISSIONER MCALLISTER: So I guess I just would say, I mean, again, this is about diligence and the applicant having, you know, demonstrated or our really understanding whether or not the applicant has been giving it that best effort, and not -- not about whether they’ve been successful with that effort or whether, you know, whatever anybody’s opinion is about the merits of the project per se. So I think I’m trying to dis-aggregate those issues because they are different issues.
MR. CAMPOPIANO: And if may -- this is --
this is Mark Campopiano again with Latham.
You know, it is important to remember
that this is not a normal offtake agreement that
we’re seeking. This is a first-of-its-kind
project in California of critical importance to
state and federal greenhouse gas policies. And
it’s -- it’s something where we see it all the
time where new technologies are involved;
investors, businesses, others are very slow to
consider new activities, new agreements.
So while we fully understand that time
has passed, in -- in terms of getting a new party
or reaching a new agreement with CRC on a first-
of-its-kind type of offtake agreement where
there’s a lot of things, a lot of important high-
cost issues that need to be worked through, all
those things take time. And that’s what HECA has
been doing is diligently trying to resolve those
issues on what is -- what is clearly not an off-
the-shelf type of situation here. It is a very
unique situation.

HEARING OFFICER RENAUD: All right. Do
you want --

COMMISSIONER MCALLISTER: Yeah, I guess
the -- you know, there a number of areas where I think, you know, substantively there are possibly more questions now than there were, you know, a year ago, and in particular the offtake of the carbon. And you know, if you don’t have a sort of solid corporate partner that’s committing to this then -- then what’s the replacement for that?

And I’m saying this now because I hear you saying that this is a groundbreaking project and that it’s developing fundamental technology and that there’s, you know, this sort of bigger goal in mind to demonstrate technology. And all those points are taken. But that’s just highlighting the fact that you need really solid buy-in from proven partners really. So I think you’re highlighting kind of a weakness here that I want to just note and invite the parties to comment on.

MR. CROYLE: Yeah. I’d be happy to comment on that.

MS. ISSOD: Can I -- can I comment on that?

MR. CROYLE: First of all --

HEARING OFFICER RENAUD: Mr. Croyle, go
ahead, and then we’ll --

MR. CROYLE: Yeah.

HEARING OFFICER RENAUD: -- go to Ms. Issod.

MR. CROYLE: First of all the -- the need for a substantial corporate partner like Occi was when this project got underway is not as critical today as it was then because, in fact, you had to rely on the credit of that offtake so that you could continue operating. That’s the importance of going to Class VI Well Certification in working with the -- the geology that we know exists that can take -- that we can -- we can put -- where we can put the Co2 and never do EOR. We don’t need the revenue stream. But we do -- we do need to permit the wells to inject the Co2, as FutureGen did in Illinois.

In fact, my prediction of how this is going to play out is that’s what we’re going to do. We’re going to come back to you with -- after some more work with the national labs and we’re going to say this -- this is the proper thing to do for getting CCS off the ground in California. We will then come back to you sometime in the future, if it makes sense to an
EOR with somebody, and ask for an amendment. And we’ll just -- but we’ll -- we’ll deal with that at the appropriate time.

I will tell you that we’ve been in some discussions, that I’m under strict confidentiality to -- to not disclose, with some smaller producers where we would enter into a partnership arrangement where -- where they don’t have the capital to put the -- the fields in place, and that could be rolled into the project and the capital recovered through the -- the increased production of oil.

But I think the cleanest thing for this project and this Commission and getting this -- this demonstration project underway is to do geologic storage without EOR. And I’m convinced that -- that we have the means to do that. That’s what we were going to do in this project initially in New Jersey, it was geologic. So we -- we have the people to work with to make sure that that’s done appropriately.

HEARING OFFICER RENAUD: All right.

Thank you.

Now, Ms. Issod, if you would state your
peace.

MS. ISSOD: Thank you.

HEARING OFFICER RENAUD: And I think we’ll -- then we’ll move on.

MS. ISSOD: Yeah. I was trying to keep my remarks very focused. But Applicant bringing -- I need to be able to -- I appreciate the chance to respond to these remarks about, you know, how critical this project is and as -- and the fact of it being a demonstration project as an excuse for further delay. So I need to point out a few things.

Basically, every one of these sequestration, these coal slash, you know, sequestration projects has -- have crashed and burned over the last number of years, with one glaring exception. The only state that has approved a project is Mississippi. And that project continues to be an unmitigated financial disaster with a price tag that has spiraled from originally somewhere around $2 billion to now well over $6 billion. I’m sure the Commissioners are aware of some of the other facts surrounding that situation.

FutureGen did obtain a Class VI Permit,
and there’s quite a process to obtain that. But of course, that project has now been canceled, despite the government spending more than $1 billion on it and over a decade of planning and process. And DOE’s statements to the press have indicated that, you know, likely HECA is dead for the same reason as FutureGen, we just can’t tie up the pieces, we just can’t get it. Kemper was approved in Mississippi on the backs of some of the poorest ratepayers in the country. And you know, they didn’t have all the pieces together is what we’re seeing now.

So I think that’s my piece on the demonstration issues.

On the suspension questions I was -- I was putting off comment but I feel that since it’s been raised, and you indicated you would hear some comments on suspension, I’d like to say a few things.

Again, we’re urging for termination. If the Committee is considering suspension -- and we very much appreciate Staff’s comments that we need a clear ending to this process. So if the Commissioners are going to be considering a delay, a suspension, then we have a number of
ideas on touch-points and deadlines to incorporate into a suspension so we could have some -- some finality and some security around what -- what we need to see from -- from this applicant to either keep going or to terminate the proceeding.

So what we’d like to see is the applicant is asking for a six-month suspension. We’d like to see the Co2 plan by the end of that six-month period. And if that plan is not available then they should not receive any further extensions and the -- the proceedings should be terminated.

If they do come forward with a plan at the end of six months then the CEC should impose some conditions on that reactivation. And along in the six-month period we would recommend monthly status reports with evidence, if possible, not just these sort of vague statements about progress being made. And we should keep working on these water issues and not just, you know, leave them hanging.

Within 30 days of reactivating the proceeding we would recommend the applicant submit responses to all the unresolved questions from Staff on water and Co2 and other areas. And
within 60 days a public meeting for all interveners and the public in the Buttonwillow area to explain all the new changes in the proposal and to provide an opportunity to ask further questions.

So that’s just our initial ideas, having received this motion yesterday.

HEARING OFFICER RENAUD: Okay. Thank you.

I would encourage the parties, in fact anybody who wants to submit anything in response to the request for suspension to do so by e-filing in the docket. And the Committee will be reviewing that -- that matter over the next couple of weeks. Well, it’s the -- we would like to see any responses within 15 days. And hopefully we’d have a ruling on that within 30 days. But we are -- we’ve heard your comments and we will take those to heart.

Now on the motion to terminate, let me say, first, the Committee is not going to rule on that today. We will not make a decision today.

Looking at the applicant’s response again, and referring back to these several pages of activities that are listed starting in
November of 2013 and going until March of this year, reading through all of that, I mean, none -- none of that is reflected in our docket or in anything that the Committee can, you know, get its hands on and look at. And I think the Committee would -- would feel much more comfortable in considering those statements from the applicant if we could have those in the form of a declaration.

And, Mr. Campopiano or Mr. Carroll, if you’re still on the line I would like to propose that as -- as a Committee request that instead of that being set forth in the form of statements in your -- in your motion -- or in your response to the motion that you would submit a sworn declaration from somebody that -- that could be docketed, and it could be something the Committee could consider.

MR. CAMPOPIANO: Okay. Understood.

HEARING OFFICER RENAUD: All right.

Great. Thank you.

Anything else? All right, good.

Okay, I think we’re -- we’re done then with the -- the motion to terminate the AFC. I thank the parties for their efforts on that. And
as I say the Committee will deliberate and rule
on that in the new future.

The next item on the agenda then would be
public comment. And I have received some blue
cards from people who are present, so I think
we’ll start with those. And the -- I would ask
that when I call your name you come up here to
the podium and speak into that microphone, state
your name, and give us your concise comments. We
would like to limit those to three minutes, if
possible.

Mark Lamboy?

MR. LAMBOY: Thank you, Commissioners.

Mark Lamboy. I’m a neighbor of this proposed
project to the extent that I’m right next door to
it, as close as you could get. I’ve spoken over
the years at the, you know, Board of Supervisors
and the Town Hall meetings, and every time we
gather. And so here I am again. And I don’t
want to, you know, bring a lot of drama to this
thing for you. I just still have the same
concerns that I’ve always had.

Every point I’ve heard by the three
parties over here, I agree 100 percent with
everything they said. As things evolve and I
almost -- it’s almost like you feel sorry these
guys are working so hard. But the thing still --
you know, I don’t know, my mind is just swimming
with so many things I want to say under three
minutes. But it still blows me away how the
blunt-nose lizard could just send that thing that
quickly away. And here we are, human beings
farming, deeply involved and invested in a
permanent planning right next door. We don’t
know really what this could do to us.

I complained about chilling hours. I’m
just picking topics here. Chilling hours is a
critical thing for pistachios. And when I
mentioned that the plant seemed to, you know,
slide about a quarter-acre away so that could
maybe help with that issue. But we just don’t
know what this thing would do to us, you know?
It’s -- it’s new. It’s an experiment. It’s not
in the right place. Never was. I don’t see how
it could ever be a good fit. We’ve got air,
water, traffic, talk of seismic -- potential
seismic things. I mean, there’s a fault there.
Nobody needs any earthquakes around here. You
know, I just -- it gets me just -- sorry. I
don’t want to be -- I don’t want to be weird
So we just encourage you to do the -- you know, really look at it. I’m sure you are. Like you’re not. But it’s just getting harder. It’s taken a long time, a lot of years. Thank you.

HEARING OFFICER RENAUD: Thank you for coming up to speak with us.

Marian Vargas?

MS. VARGAS: Hi. I’m a community member from Kern County. I live in Bakersfield.

We cannot afford to lose vast amounts of pressure water to HECA. Due to our ongoing drought some communities do not even have drinking water. We should not be using the limited water resources that we do have to cool HECA.

An alternative suggested by the CEC staff is to use dry cooling. But the applicant has not pursued this option.

What about the byproducts of HECA? Although the applicant has managed to use millions of dollars of DOE and taxpayer-funded monies, they are years behind deadlines for securing a commitment to offtake the Co2, to establish a plan for disposal of waste, or find a
market for their volatile chemical fertilizer and other products. The applicant has not shown due diligence to resolve these issues while the CEC waits and those who would be so negatively affected by the HECA project have put their lives on hold.

When we in Kern County already breathe some of the worst air in the nation, how can the CEC possibly justify making it worse by allowing HECA to bring in dirty coal in open rail cars and diesel trucks, creating more toxic pollutants, waste and hazardous materials?

The purpose of a power plant is to generate power. But HECA, as proposed, would contribute very little if any net energy to the power grid. I cannot help but ask: Why is the CEC even considering permitting a fertilizer plant?

In response to the petition to terminate the application process the applicant touted its work with Savage Coal to obtain an amendment to the CUP, allowing coal terminal transports to increase from 200,000 to 1.9 million tons per year, operating 24 hours a day with uncovered railcars offloading to diesel trucks every six to
eight minutes all across the street from farm labor housing and a daycare center without doing an environmental impact report.

Councilman John Martin cast the tie-breaking vote to pass the expansion amendment. He was later found by the FPPC, the Fair Political Practices Commission, to have cast his vote illegally, having known that he had a clear conflict of interest and that he was violating California Ethics Law in doing so. He was fined $4,000. But the amendment still stands. This is an environmental justice issue that cannot be ignored.

To address this issue the CEC could require that an environmental impact report be done on the expansion of Wasco -- of the Wasco Coal Terminal handling capacity before any permit would be granted to HECA.

Thank you very much for listening to and considering my comments.

HEARING OFFICER RENAUD: Thank you. All right.

Christina Snow?

MS. SNOW: Hi. I’m Christina Snow. And I’m a farmer in Buttonwillow. And I also own a
house on Stockdale Highway, which is about a mile
from the proposed HECA plant. And it’s a rental
income property. And my tenant has been there
for three years and he would love to buy the
house. But knowing that HECA might be built
within a mile, a clear view -- we have a clear
view of the proposed plant, he doesn’t -- he
wouldn’t want to live there if this thing goes
through, but also he’s not going to buy.

And so, you know, I’d like to sell this
house, and this thing just keeps going on and on
and on. And how much longer? You know, is this
going to -- you know, you -- this thing has
impacted our lives and it’s impacted us
financially. And we’re just being put on hold.

And so I would, you know, urge you to put
some -- you know, try to terminate or at least we
need some answers on this. That’s all.

And anyway, so thank you very much.

HEARING OFFICER RENAUD: And thank you
for coming to speak with us today.

And we have now Ted Walker?

MR. WALKER: Ted Walker. I’m a local
architect here in Sacramento. But my father has
run Elk Hills Naval Petroleum Reserve from 1950
to about '72 when it was decommissioned. The oil industry has had ups and downs. And that -- since then it's been operated. They just recently let a bunch of people go from Elk Hills. In fact, they've reduced their -- their staff out there.

So that's part of the problem with the energy sector, it's very volatile. As we know, the prices have gone down recently. But that $408 million is really -- a lot of it is California taxpayer money that's coming back to California. So as a libertarian I'd like to see California taxpayers reap the benefits to that. And think this proposal does that significantly.

But to the issue of the termination of the -- of the project, I'd like to refer to page two of the proposal by Sierra Club. Actually, I attended all the meetings at Buttonwillow. And there's -- there's a lot of local support from the local community. In fact, there's probably a majority of support.

The situation with the coal in Wasco, there's been several coal plants that have been shut down in the area. So -- and there's coal that's brought up through the San Joaquin Valley.
It’s shipped to China. The potash is currently burned in other areas of the country or the world, let’s put it this way -- that way. So I think it’s -- it’s actually not really as impactful that the coal would be used in this facility. In fact, the statement in here about burning coal on page two, the middle of the second -- or the first paragraph, my understanding is there is no coal burned.

And it is one of the most polluted basins in the country, but this plant would significantly improve the air pollution situation. Because what you’re doing is taking dirty water and put it in a gasifier with coal and breaking down the hydrogen and the oxygen -- or the -- the O and the H goes to the Co2 and then it’s put in the -- in the ground.

Part of the problem with the Co2 being sequestered in Elk Hills is you have a different regulatory regime in the state under DOGGR, you have the Energy Commission, and we have a situation there where it’s a well proven and developed piping system which is perfect for Co2.

Now I can understand that the Occidental would be very concerned because they have
basically a perfect storm of having the Energy Commission, DOGGR and the Clean Water Act all hitting them at the same time. The liability associated with that is -- is incredible. The fact that they’ve offloaded Elk Hills to an independent corporation is not surprising to me. And I think it would be -- in fact, I think it would probably take longer than six months because it’s going to take some time for the federal government to go back and revise that original plan that when they sold Occi to -- the federal government sold Occi.

So you know, I think the Energy Commission needs to work with Elk Hills. It’s the perfect spot for carbon sequester. You also have some of the emerging technologies that are coming up in terms of you can take natural gas, according to your carbon workshop a few weeks ago, and put it in a gasifier and do the same thing without the products. But the good thing about the -- about taking coal, which I don’t think is -- is as big a problem as the interveners have proposed, is you’re -- you can eliminate a lot of mining for precious metals. You can -- you can -- you’ve got a product for
sulfur, ammonia, fertilizers. You’re not shipping them from a dirty plan into your China. And I think it should be a focus of the Energy Commission to develop some demonstration plants on this.

And I’ll try to put some of these responses to some of the other information in the Sierra Club questions in a letter. Thank you.

HEARING OFFICER RENAUD: Thank you, sir.

Okay, I have two more blue cards. The first one, Mr. Vargas? And if we could get your full name please?

MR. VARGAS: Muchas Gracias. Senor Rogelio (phonetic) Vargas. (Speaking Spanish.)

**English Translation of May 6, 2015 Comments from Rogelio Vargas**

HEARING OFFICER RENAUD: Gracias.

(Speaking Spanish.)

MR. VARGAS: (Speaking Spanish.)

HEARING OFFICER RENAUD: All right. Thank you. And just -- just to let the audience know, both Commissioners speak Spanish and understood what was said. And we’ll try to have a translation in the transcript.

Okay, last blue card I have is from Chris Romanini, speaking for Beau -- did you write
Antongiovanni? All right. Well, you’ve already spoken once, so I want you to keep your remarks brief please.

MS. ROMANINI: I’m strictly -- do you want me to go to the podium?

HEARING OFFICER RENAUD: Yes, please.

MS. ROMANINI: Beau Antongiovanni sent me with a letter, so I’m just reading his letter. And he wanted me to affirm, once again, that he submitted a salinity field test. It’s docketed where it shows the -- the TDS that Buttonwillow crops can thrive with, with -- especially with blending of water. And that’s so significant to think that we haven’t addressed the industrial use of this water when we know it’s usable water.

Anyway, to briefly summarize his letter, he says,

“We cannot afford to pump an additional 7,500 acre feet of water from our aquifer each year to supply the HECA plant. When approximately the 500 acres that the plant would sit on is farmed it uses at most about 2,500 acre feet a year. HECA would use more than three times the amount of water required to farm the same piece of land."
“The state has ordered farmers to get into sustainable water balance in the coming years. There are some in the San Joaquin Water Coalition that say we should be limited to using one acre foot of ground water per acre to become sustainable. HECA would use more than 15 times that amount. The state should not even consider the project that uses this much water at this time. HECA is unsustainable and its application should be terminated.

“They’re trying to build this plant in the wrong location. And we all just want to get on with our lives. We wish you would see that they’re not making process, they haven’t made any inroads into the many areas we’ve shown that the water is inadequate, and we just ask you to say enough is enough. Let us get on with our lives.”

Thank you.

HEARING OFFICER RENAUD: Okay. That is all of the commenters I have in the room.

I would like to ask, Mr. Celli, if you would un-mute the callers and we’ll ask if there’s anyone on the phone would like to make a
public comment. If you’re -- if you’re calling
in and you’d like to make a public comment,
please speak up.

MR. GILLESPIE: Hi. Good afternoon.
This is Evan Gillespie. Can you hear me?
HEARING OFFICER RENAUD: Go ahead. Go
ahead.

MR. GILLESPIE: Great. Hi. Again, my
name is Evan Gillespie. I wanted -- well, I work
with the Sierra Club. And I appreciated
everybody’s comments today. I wanted to take a
moment just to share some of my quick shots.

You know, the Sierra Club’s longstanding
position on this project is that it’s just -- it
simply doesn’t make sense for California. It
doesn’t sit with our vision for the future. You
know, the state has worked very hard over the
last several years to rid itself of coal which is
dirty for so many other reasons just, you know,
beyond its impact on climate change. From air to
water to waste, there are a number of concerns
around coal. And this project certainly, I
think, would go a long way to exacerbate many of
those problems.

And I want to remind the Commission and
the folks that very utility in the state now has
a plan to out-of-state coal. And the legislature
is discussing divestment. And so one of the
things I was thinking about today in hearing
everybody’s comments is I’m still really
struggling to understand which aspect of the
project is really in California’s best interest
and why the state has -- has an interest in
seeing the project move forward?

You know, the other concern that I have
and, you know, I don’t know what the Energy
Commission can do about this at this point but,
you know, the scandal over at the Public
Utilities Commission and the central role that
this project played in that scandal, which is
still unfolding, it’s hard for me to see how this
project moves forward in a way that restores
public trust. To me I think to the crowd this
project is permanently tainted. And it’s hard to
understand under what circumstances, both on the
environmental side as well as just sort of the
governing side of this, under what conditions
this project would actually be able to move
forward.

So I appreciate you taking the time to
hear my thoughts. And I thank you again for the
taking again.

HEARING OFFICER RENAUD: Great. Thank
you for your comment.

Let me ask if there’s anyone else on the
phone who would like to make a public comment at
this time? If you wish to make a public comment
by phone, please go ahead.

All right, hearing none I think we will
close public comment.

The next item on the agenda is -- is
closed session. Under Government Code section
11126 the Committee may convene to closed session
to deliberate on a decision to be reached in a
proceeding the state body was required by law to
conduct.

The Committee will now convene into
closed session to discuss the matters that have
been discussed today, primarily the schedule and
the -- the motion to terminate the AFC.

At the conclusion of the closed session I
will come back and indicate that the Committee
has -- has ended its closed session and I will
report on anything that the Committee wants me to
report. And at that time the meeting would be
adjourned.

So, okay, so let’s -- just so people don’t have to hang around, let’s say three o’clock is --

(Colloquy Between Hearing Office and Commissioners)

HEARING OFFICER RENAUD: Okay, I’ve just been informed by the Presiding Member that -- that we won’t have a decision to -- to provide to you when we come out of closed session. So you actually need not hang around and wait for the three o’clock announcement. But I am required to come back and indicate that closed session has ended and adjourn the meeting.

So with that the Committee will convene into closed session. And I will be back here at three o’clock to adjourn the meeting.

I see Ms. Issod has her hand raised.

MS. ISSOD: Just a quick question. If you -- if you do say something, I think a number of us have to get on the train, can -- is that going to be in the record before --

HEARING OFFICER RENAUD: Oh, yes.

MS. ISSOD: -- we get the transcript?

HEARING OFFICER RENAUD: It would
absolutely be in the record.

MS. ISSOD: Okay.

HEARING OFFICER RENAUD: Absolutely.

MS. ISSOD: Thank you.

HEARING OFFICER RENAUD: Yes.

PRESIDING MEMBER DOUGLAS: However, we promise you, we’re not going to say anything interesting at three o’clock, so --

COMMISSIONER MCALLISTER: Thanks, everybody, for being here.

HEARING OFFICER RENAUD: Thank you.

PRESIDING MEMBER DOUGLAS: Thank you.

(Whereupon, the Committee adjourned into Closed Session.)

(Off the record at 2:19 p.m.)

(On the record at 3:00 p.m.)

HEARING OFFICER RENAUD: I am Raoul Renaud, the Hearing Officer for the Hydrogen Energy California Project, returning from the closed session conducted by the Committee. The Committee adjourned into closed session to deliberate regarding the matters discussed at today’s hearing, and ended its closed session at 2:45 p.m. today.

The Committee has nothing to report to
you at this time. It will issue a written
response to the pending motions shortly.

And thank you for your participation
today. And this ends the status conference and
hearing on motion.

(Whereupon, the meeting was adjourned at 3:01
p.m.)
REPORTER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of June, 2015.

[Signature]

PETER PETTY
CER**D-493
Notary Public
CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.

[Signature]

MARTHA L. NELSON, CERT**367

June 8, 2015