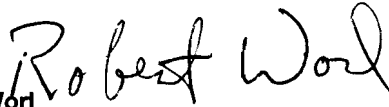


# Memorandum

Date: August 31, 2012  
Telephone: (916) 651-8853  
File: 08-AFC-08A

To: Commissioner Karen Douglas, Presiding Member  
Commissioner Andrew McAllister, Associate Member  
Hearing Officer Raoul Renaud

From: California Energy Commission - Robert Worl  
1516 Ninth Street  
Sacramento, CA 95814-5512  
Project Manager



California Energy Commission

**DOCKETED**  
**08-AFC-8A**

TN # 66985  
AUG 31 2012

Subject: **HYDROGEN ENERGY CALIFORNIA, AMENDED (08-AFC-08A)**  
**STATUS REPORT #1**

Per the August 9, 2012 Committee scheduling order, Energy Commission staff hereby file Status Report #1 for the Hydrogen Energy California, Amended AFC (HECA). The Energy Commission and the U.S. Department of Energy are jointly conducting the review of the proposed HECA project and intend to issue joint documents at appropriate points in the process.

This report will briefly summarize the Amended HECA AFC proceedings and events since the Site Visit/Informational Hearing and Scoping Meeting held in Tupman, CA, on July 12, 2012, with a focus on the period leading to a Preliminary Staff Assessment/Draft Environmental Impact Statement. Additionally, a possible schedule is included that utilizes information from the applicant, agencies, and other participants to the HECA proceedings, and, based on current information, indicates staff's estimate of the time needed to achieve the associated schedule benchmarks.

PROOF OF SERVICE (REVISED 8/28/12) FILED WITH  
ORIGINAL MAILED FROM SACRAMENTO ON 8/31/12  
DLS

## **PROCEEDING UPDATE**

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The Energy Commission staff is continuing to gather information through data requests, discussions with other agencies, and staff investigations and site visits.

### **Procedural Activities and Coordination Efforts to Date:**

Staff issued data request Set 1 on July 20, 2012.

The applicant submitted data responses on August 10, 2012, which responded to most data requests. The applicant has requested up to an additional 60 days to respond to Air Quality, Biological Resources, Cultural Resources, Hazardous Materials Management, Soil and Water Resources, Visual Resources and Waste Management data requests.

### **Coordination with Federal, State, County Agencies:**

Staff continues to coordinate with a number of Federal, State and local agencies to facilitate the discovery and analysis phase of the HECA Amended AFC review and identification of the appropriate laws, ordinances, regulations and standards that would apply to the HECA project. The agencies are listed below:

### **Tribal Consultation:**

The Governor's Executive Order B-10-11 (Sept. 19, 2011), reinforces the Energy Commission staff's practice of consulting with Native American tribal representatives whose tribes may be affected by the project. Additionally, the Department of Energy is also required to conduct government-to-government consultation with the affected tribes under Section 106 of the Historic Preservation Act. The Energy Commission staff and DOE have been working to coordinate meetings with Native American tribal representatives. A scheduled joint consultation meeting on August 22, 2012 had to be cancelled and is being rescheduled near the end of September 2012.

### **U. S. Environmental Protection Agency:**

On June 1, 2012, the U.S. EPA published in the Federal Register their intent to accept a California State Implementation Plan update that would transfer the Prevention of Significant Deterioration (PSD) authority from U.S. EPA to the San Joaquin Valley Air Pollution Control District. Further action regarding this process is expected within the next few weeks with a subsequent Federal Register publication.

### **San Joaquin Valley Air Pollution Control District:**

The San Joaquin Valley Air Pollution Control District (SJVAPCD) is currently preparing to evaluate the HECA project's PSD requirements and also preparing a

Preliminary Determination of Compliance (PDOC) based upon the receipt of the complete application from HECA. The SJVAPCD staff has indicated that the complexity of the analysis will likely push a PDOC date to mid-October, 2012.

**California Department of Conservation, Division of Oil, Gas, and Geothermal Resources:**

DOGGR is the principal permitting agency for activities within the Elk Hills Oil Field through its regulatory program for all well drilling activity and associated subsurface actions associated with producing oil and gas. DOGGR has worked with staff to produce data requests that would assist both agencies in the required analysis of the project. These data requests assist Energy Commission staff, the applicant, and Occidental Petroleum Elk Hills in defining the requirements that DOGGR would impose on wells permitted in association with the proposed use of CO<sub>2</sub> from HECA in the enhanced oil recovery program in Elk Hills. These data requests are expected to be answered by Occidental Petroleum-Elk Hills, Incorporated, (OEHI) within the next few weeks (by September 14, 2012).

**California Air Resources Board**

At a CO<sub>2</sub>-EOR/CCS workshop in June 2012, CARB committed to work on a quantification methodology (QM) that would allow those who geologically sequester CO<sub>2</sub> to subtract that CO<sub>2</sub> from their compliance obligation. CARB anticipates that QM development will take at least two years, possibly longer, since it will involve extensive stakeholder consultation and a contract for technical assistance. Staff will work with CARB to ensure that any analysis of the CO<sub>2</sub> EOR does not conflict with any approach ultimately adopted by CARB.

**Kern County:**

Kern County Planning and Community Development Department and the Energy Commission staff have been in correspondence regarding the County's permitting authority in regards to the Elk Hills Oil Field, the county's laws, ordinances, regulations and standards (LORS), use permit approval process, Williamson Act Cancellation request, transportation, fire safety issues, pipeline inspection and county waste management land fill and recycling issues.

**Schedule:** The schedule for HECA has shifted due to delays in receipt of data responses from the applicant, and expected delays of the PDOC from SJVAPCD. Additionally coordination with Kern County and DOGGR will require additional discussions and staff efforts by Energy Commission, Kern County, DOGGR and potentially other agency staff. Therefore, staff offers the following suggested schedule revisions based on best current information from parties to the HECA Amended AFC process, but subject to change. This is not intended as a firm proposed schedule, but is offered as an interim planning schedule based upon best available information from participants to the HECA project evaluation.

	ACTIVITY	Calendar Day
1	Information hearing, site visit and scoping meeting	07-12-12
2	Applicant files Data Responses round 1 (partial)	08-22-12
3	Staff files data requests round 2	09-05-12
4	Data response and issue resolution workshop (tentative date)	09-25-12
5	Staff files data requests round 3	10-05-12
6	SJVAPCD issues Preliminary Determination of Compliance	10-18-12
7	Applicant provides data responses (round 2, if necessary)	09-24-12
8	Applicant submits supplemental information resulting from workshops and remaining data responses	10-25-12
9	Preliminary Staff Assessment/Draft Environmental Impact Statement filed; Parties file Status Reports	12-19-12
10	Preliminary Staff Assessment and Draft Environmental Impact Statement workshop(s)	1-15-13
11	SJVAPCD issues Final Determination of Compliance (FDOC)	TBD
12	Comments on PSA/DEIS are due (45 days due to NEPA regs)	02-04-13
13	Final Staff Assessment/Final EIS filed	03-04-13
14	Prehearing Conference*	TBD
15	Evidentiary hearings*	TBD
16	Committee files Presiding Member's Proposed Decision*	TBD
17	Hearing on the PMPD*	TBD
18	Commission issues final Decision	TBD
<b>*Items 14 thru 18 will be scheduled by the Committee</b>		



**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT  
COMMISSION OF THE STATE OF CALIFORNIA  
1516 NINTH STREET, SACRAMENTO, CA 95814  
1-800-822-6228 – [WWW.ENERGY.CA.GOV](http://WWW.ENERGY.CA.GOV)**

***AMENDED APPLICATION FOR CERTIFICATION FOR THE  
HYDROGEN ENERGY CALIFORNIA PROJECT***

**Docket No. 08-AFC-08A  
(Revised 8/28/12)**

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### DECLARATION OF SERVICE

I, Diane L. Scott, declare that on August 31, 2012, I served and filed a copy of the attached **HYDROGEN ENERGY CALIFORNIA, AMENDED (08-AFC-08A) STATUS REPORT #1**, dated August 31, 2012. This document is accompanied by the most recent Proof of Service list, located on the web page for this project at:

[http://www.energy.ca.gov/sitingcases/hydrogen\\_energy/index.html](http://www.energy.ca.gov/sitingcases/hydrogen_energy/index.html)

The document has been sent to the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit or Chief Counsel, as appropriate, in the following manner:

*(Check all that Apply)*

For service to all other parties:

- ☒ Served electronically to all e-mail addresses on the Proof of Service list;
- ☐ Served by delivering on this date, either personally, or for mailing with the U.S. Postal Service with first-class postage thereon fully prepaid, to the name and address of the person served, for mailing that same day in the ordinary course of business; that the envelope was sealed and placed for collection and mailing on that date to those addresses marked **"hard copy required"** or where no e-mail address is provided.

**AND**

For filing with the Docket Unit at the Energy Commission:

- ☒ by sending one electronic copy to the e-mail address below (preferred method); **OR**
- ☐ by depositing an original and 12 paper copies in the mail with the U.S. Postal Service with first class postage thereon fully prepaid, as follows:

**CALIFORNIA ENERGY COMMISSION – DOCKET UNIT**

Attn: Docket No. 08-AFC-08A

1516 Ninth Street, MS-4

Sacramento, CA 95814-5512

[docket@energy.ca.gov](mailto:docket@energy.ca.gov)

***OR, if filing a Petition for Reconsideration of Decision or Order pursuant to Title 20, § 1720:***

- ☐ Served by delivering on this date one electronic copy by e-mail, and an original paper copy to the Chief Counsel at the following address, either personally, or for mailing with the U.S. Postal Service with first class postage thereon fully prepaid:

California Energy Commission

Michael J. Levy, Chief Counsel

1516 Ninth Street MS-14

Sacramento, CA 95814

[michael.levy@energy.ca.gov](mailto:michael.levy@energy.ca.gov)

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, that I am employed in the county where this mailing occurred, and that I am over the age of 18 years and not a party to the proceeding.

**Originally Signed By:**

Diane L. Scott

Siting, Transmission and Environmental Protection Division