

Memorandum

Date: October 26, 2012

Telephone: (916) 651-8853

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California Energy Commission

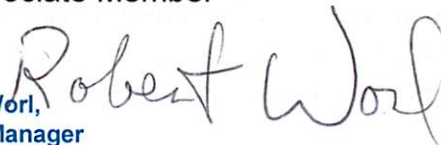
DOCKETED**08-AFC-8A**

TN # 68217

OCT 26 2012

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

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



Subject: **HYDROGEN ENERGY CALIFORNIA, AMENDED (08-AFC-08A)**
STATUS REPORT #2

Per the October 5, 2012 Committee scheduling order, Energy Commission staff hereby files Status Report #2 for the Hydrogen Energy California, Amended AFC (HECA). This report is filed late to insure that important information resulting from discussions on October 23rd could be included. The Energy Commission and the U.S. Department of Energy (DOE) are jointly conducting the review of the proposed HECA project and intend to issue joint documents at appropriate points in the process. On October 23rd, staff for both agencies held a conference call discussing project related status updates, revised schedules and other issues detailed below. The bi-monthly conference calls include the U.S. Environmental Protection Agency (U.S. EPA), U.S. Fish and Wildlife Service (U.S. FWS), California Air Resources Board (CARB), California Department of Conservation – Division of Oil Gas and Geothermal Resources (DOGGR) and San Joaquin Valley Air Pollution Control District (SJVAPCD).

This report will briefly summarize the Amended HECA AFC activities since the last status report filed on August 31, 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 10/8/12) FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 10/26/12
DLS

PROCEEDING UPDATE

The Energy Commission staff is continuing to gather information and plans to issue Data Request Set 3 by October 26, 2012. Staff continues to engage in discussions with other agencies, staff investigations and site visits.

Procedural Activities and Coordination Efforts to Date:

The applicant submitted additional data responses for staff Data Request Set 1 on August 22, 2012, September 17, September 18, September 24, and October 22, 2012. The applicant had 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. Staff anticipates remaining data responses for Set 1 by mid November 2012.

Staff issued Data Request Set 2 on September 6, 2012.

On September 26, 2012, the applicant responded to Data Request Set 2 with objections and requested additional time to respond. The applicant requested up to an additional 30 days to respond to air quality, biological resources, cultural resources, hazardous materials management, soil and water resources, visual resources and waste management data requests.

The applicant submitted additional responses to staff Data Requests Set 2 on October 11, 2012. Additional data responses are forthcoming and staff anticipates data responses by mid November 2012. Remaining items include data responses for air quality, cultural resources, traffic and transportation, socioeconomics, greenhouse gases and visual resources.

Staff conducted a Data Response Workshop on September 27, 2012, in Sacramento, California. Participants at the workshop included the applicant, interveners, agencies, and the public. During the workshop staff requested additional information in the following areas: air quality, greenhouse gas, enhanced oil recovery and sequestration; land use, traffic and transportation, noise, visual resources, socioeconomics, cultural resources and alternatives. Additionally, information was requested during the discussions of soils and water, power plant efficiency and reliability, biological resources, waste management, public health, hazardous materials management and worker safety and fire protection. The applicant indicated they would respond to the workshop questions by the end of October.

An additional data response workshop is planned for November 7, 2012, to be held in Bakersfield, California. This workshop is to discuss the information recently provided by Occidental Petroleum, Elk Hills, (OEHI) to data requests 1 through 7, issued on March 16, 2012. These requests were issued jointly by Energy Commission staff and the Department of Conservation, Division of Oil, Gas, and Geothermal Resources through HECA. The requests related to the potential plans for use of carbon dioxide (CO₂) in the OEHI enhanced oil recovery program (EOR) at

the Elk Hills oil field. An evening session will be held at the November 7th workshop to insure that the interested public will have an opportunity to ask questions of parties and provide comments on the proposed project.

Staff will issue Data Request Set 3 by October 26, 2012; based on when the amended AFC was filed, staff anticipates that the discovery period will end October 29, 2012.

Coordination with Federal and State Agencies:

Staff continues to discuss the status of the HECA project with several state and federal agencies during bi-monthly coordinated conference calls with the Department of Energy, U.S. EPA, DOC DOGGR, CARB, U.S. FWS and SJQVAPCD. The conference call on October 23, 2012 discussed the scheduled workshop meeting in Bakersfield on November 7, 2012, the schedule for the completion of the Prevention of Significant Deterioration (PSD) transfer authority from the U.S. EPA to SJVAPCD regarding the Preliminary Determination of Compliance (PDOC), and the expected data responses related to the OEHI enhanced oil recovery project. The status of the Federal Biological Assessment and documentation, Air Quality conditions of certification protocols related to the PDOC and monitoring of CO₂ during the life of the project, status of required NEPA sections to be incorporated in to the joint environmental document and update status regarding the tribal coordination efforts to date. This was the third coordination call relating to the amended HECA application for certification.

Tribal Coordination:

The Energy Commission staff and U.S. Department of Energy continue to coordinate meetings with Native American tribal representatives. On September 26, 2012, a meeting was attended by staff, members of the Tejon Indian Tribe, U.S. Department of Energy personnel, and personnel from Occidental of Elk Hills. The meeting was to acquaint the Tejon Indian Tribe with the setting of the proposed enhanced oil recovery facilities, the proposed HECA project as a whole, and to discuss tribal concerns. The Tejon representatives requested information regarding ways to participate in the siting review process.

During the weeks of October 8 and 15, 2012, staff mailed requested information to the tribes and individuals interested in further participation. These included the Tejon Indian Tribe, the Santa Rosa Rancheria of Tachi Yokuts, the Kitanemuk and Yowlumne Tejon Indians, and Ron Wermuth.

Department of Energy had a follow-up telephone conversation with the Tejon Indian Tribe on October 3, 2012, during which the tribe stated that it is requesting additional mapped cultural resource locations from the Energy Commission. The information and instructions for petitioning to receive copies of confidential information was mailed to the Tejon Indian Tribe on October 3, 2012.

U. S. Environmental Protection Agency:

The U.S. EPA had submitted for publication in the Federal Register for the approval of the California State Implementation Plan that would transfer the PSD authority from U.S. EPA to the SJVAPCD. Staff and the SJVAPCD are waiting for the publication so that the SJVAPCD can complete its PDOC. Upon the final transfer, SJVAPCD predicts that a PDOC will be submitted by the end of December, 2012.

California Department of Conservation, Division of Oil, Gas, and Geothermal Resources (DOGGR):

Data responses were provided by HECA and Occidental Petroleum-Elk Hills, Incorporated, (OEHI) on October 15, 2012. In addition, a completed drilling application was submitted to DOGGR by OEHI on October 5, 2012, covering the first phase - up to 25 wells – of the enhanced oil recovery program intended to utilize HECA's CO₂. DOGGR stated they have initiated review of the information provided.

Kern County:

Kern County Planning and Community Development Department and the Energy Commission staff continue to discuss the county's information needs in regard to the HECA and the Elk Hills Oil Field. The county and the applicant are actively engaged in information exchange.

Schedule:

The schedule for HECA continues to be dynamic, and staff expects that the PSD transfer and the publication of the PDOC will occur by December 20, 2012, and staff requires an additional 30-days from that date to complete the Preliminary Staff Assessment/Draft Environmental Impact Statement. Staff coordination with Kern County and DOGGR will continue based on the recent submission of new information from OEHI. The suggested schedule adjustments that follow are based upon best available information from all participants to the HECA project evaluation.

STAFF SUGGESTED SCHEDULE BASED ON CURRENT INFORMATION:

	ACTIVITY	Calendar Day
1	Information hearing, site visit and scoping meeting	07-12-12
2	Data Requests Set 1: A1 – A123 sent to Applicant	07-20-12
3	Applicant files Data Responses Set 1 (partial)	08-22-12
4	Applicant files Data Responses Set 1 (partial)	09-18-12
5	Applicant files Data Responses Set 1 (partial)	09-21-12
6	Data Requests Set 2: A124 – A180 sent to Applicant	09-06-12
7	Applicant files Data Responses Set 2 (partial)	09-26-12
8	Data response workshop #2; in Sacramento	09-27-12
9	Staff files Status Report #2	10-25-12
10	Staff files data requests Set 3	10-26-12
11	Data Response Workshop #3 held in Bakersfield	11-07-12
12	Applicant files responses to data request Set 3	12-07-12
13	Data response workshop #4 in Sacramento (if required)	12-19-12
14	SJVAPCD issues Preliminary Determination of Compliance	12-20-12
15	Preliminary Staff Assessment/Draft Environmental Impact Statement filed**; Parties file Status Reports	01-25-13
16	SJVAPCD issues Final Determination of Compliance (FDOC)	02-04-13
17	Preliminary Staff Assessment workshop to be held in Buttonwillow	02-11-13
18	Comments on PSA/DEIS are due (45 days due to NEPA regs)	03-11-13
19	Final Staff Assessment/Final EIS filed	04-10-13
20	Prehearing Conference*	TBD
21	Evidentiary hearings*	TBD
22	Committee files Presiding Member's Proposed Decision*	TBD
23	Hearing on the PMPD*	TBD
24	Commission issues final Decision*	TBD
*Items 20 thru 24 will be scheduled by the Committee ** PSA/DEIS date is dependent upon PSD authority transfer from U.S. EPA to SJVAPCD and the PDOC publication.		



**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**

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

**Docket No. 08-AFC-08A
(Revised 10/8/12)**

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DECLARATION OF SERVICE

I, Diane L. Scott, declare that on October 26, 2012, I served and filed a copy of the attached **HYDROGEN ENERGY CALIFORNIA, AMENDED (08-AFC-08A) STATUS REPORT #2**, dated October 26, 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

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

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

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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