

CALIFORNIA ENERGY COMMISSION

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www.energy.ca.gov



December 2, 2008

Robert Middlemore
California Delivery Manager
Hydrogen Energy Americas
One World Trade Center, Suite 1600
Long Beach, CA 90831

DOCKET 08-AFC-8	
DATE	DEC 02 2008
RECD.	DEC 02 2008

Re: Revised Filing of Hydrogen Energy California (HECA) Application for Certification
(08-AFC-10)

Dear Mr. Middlemore:

I am writing in further response to your letter dated August 21, 2008, indicating your need to pursue an alternative to the site identified in your July 30, 2008 Application for Certification (AFC) due to the previously undisclosed presence of sensitive biological resources at the chosen site. The Energy Commission staff understands that the applicant currently anticipates filing a revised AFC for the HECA sometime in April 2009. Staff will consider the revised AFC as having been received or filed at that time for the purpose of starting the clock for a completeness determination under Public Resources Code section 25522(b) and Title 20, California Code of Regulations, section 1709. As previously discussed, Hydrogen Energy International, LLC (HEI) will be credited for unexpended money from the original filing fee of \$234,346, minus costs (\$9,886.54) incurred by staff in reviewing the original AFC for completeness based on the Commission's informational requirements; when you submit the revised AFC please include a check in the amount of \$9,886.54 to bring the total up to the required amount.

As previously mentioned in our September 2, 2008 letter, when HEI decided to pursue a different site, staff requested that HEI submit a new application with all technical areas analyzed per the new project site, with no cross references to the July 30, 2008 AFC. We have received your assurances that you will comply with this request. In addition, due to our obligation to review the "whole of the action" under the California Environmental Quality Act (CEQA), we will need more discussion regarding the carbon dioxide (CO₂) sequestration process.

Our understanding and expectation, thus, are that HEI will submit a revised AFC that contains the following:

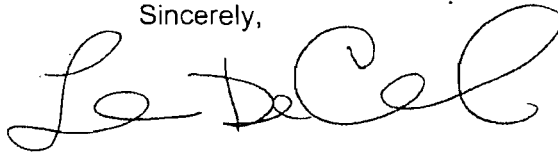
- A stand alone document with all information as required by the Commission's informational requirements in Appendix B of its siting regulations;
- All references and analyses reflecting the new project site;
- A thorough discussion and analysis of the CO₂ sequestration, based on contemporary information, and, for CEQA purposes, beyond the "point of sale" where Occidental takes control of the product for use for enhanced oil recovery (EOR). The expanded discussion should present information regarding the cycle of CO₂ in the EOR process including length of time the gas remains sequestered;

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- An expanded discussion and analysis of the efficiency of the proposed project's components and the parasitic power and fuel load relating to the CO₂ production, storage, and loss (as it pertains to greenhouse gas emissions); and
- Discussion and description of the proposed plans for petroleum coke and coal transport and storage.

While we understand that the circumstances surrounding the need to file a revised AFC were completely unexpected by the applicant, we hope that you will not rush to file the revised AFC without first ensuring that it satisfies all of the informational requirements specified in our regulations. Should you wish to discuss these procedural matters further, please contact me at (916) 654-5195.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lisa DeCarlo', written in a cursive style.

Lisa DeCarlo
Senior Staff Counsel

cc: Rod Jones, CEC Project Manager
Robert Worl, CEC Siting Program Manager
Gregory Skannal, HE HECA Manager
Dale Shileikis, URS HECA Project Manager