

**DOCKET**

**08-AFC-8**

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**STATE OF CALIFORNIA**

**Energy Resources Conservation and Development Commission**

In the Matter of: ) Docket No.08-AFC-8  
)  
The Application for Certification of )  
Hydrogen Energy California Power Plant )  
\_\_\_\_\_)

**Comments of Sierra Club on PSA Part 1.**

October 21, 2010

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STATE OF CALIFORNIA

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**Sierra Club’s Comments on PSA Part 1.**

Sierra Club respectfully submits the following comments on the Preliminary Staff Assessment, Part 1.

**Expected use of coal must be better explained**

Time and again, the PSA explains that the Project is designed to use both petroleum coke and coal. Although apparently “HECA would rely on petcoke as its primary feedstock” (PSA 3-5), the PSA explains that “the proposed HECA facility would gasify petroleum coke (or blend of petroleum coke and coal, as needed) to produce hydrogen . . .” PSA 3-1. The concept of a “need” for using coal, however, is not adequately discussed or explained. The PSA explains that one reason for using of coal may be “to qualify for federal funding initiatives associated with clean-coal research . . .” PSA 3-5. Although the PSA expects that as a result of these funding initiatives, “minimum coal feedstock requirements may be mandated for limited durations” (*ibid.*), nothing more is said about the mandate, its expected duration, or the likelihood that it could be extended. More needs to be explained in this regard.

We also note that if taking advantage of federal financial incentives to participate in “clean-coal research” is a stated goal of the project, this must be clearly identified as a “project purpose and objective” (See, PSA at 3-2).

Moreover, it appears that even without the federal financial incentives for using coal, the project applicant intends to retain the ability to use coal “as needed”. While we understand that

Petroleum coke is currently believed to be the preferred stock on the basis of cost alone, the PSA and the Application for Certification clearly anticipate scenarios pursuant to which coal would be used at this facility. Accordingly, it would be greatly beneficial to the public and the decision-makers alike if the PSA explained in greater detail circumstances under which coal would be used at this proposed facility.

**The PSA's analysis of Air Quality Impacts and proposed mitigation measures.**

The PSA analyzes the significance of Project-related air emissions beginning at 4.1-29. The PSA explains that when emissions are expelled at high temperature and velocity from smoke stacks, the pollutants will be significantly dispersed by the time they reach the ground. With respect to construction-related emissions, the PSA acknowledges that the source of some the project air emissions are vehicles. *Ibid.* Yet, the PSA makes no effort to quantify the emissions from mobile sources including passenger vehicle emissions associated with the transportation of employees and truck deliveries once the project enters the operational phase.

The traffic and transportation section of the PSA estimates that the in its operational phase, the project will generate 1746 additional daily trips (ADTs). 4.10-13. The total emission of criteria pollutants associated with these ADTs must be calculated and appropriate mitigation must be imposed.

To address construction-related PM 10 and 2.5 emissions, which are exacerbated by the fact that the project grounds and much of the area road network are and will remain unpaved, the PSA proposes certain mitigation measures, such as gravel cover or use of adhesives are not proven measures for effectively mitigating PM emissions. We also note that most of the applicant proposed measures (e.g. treating stockpiles or roads with water) are already required by existing regulation, including the rules promulgated by the San Joaquin Valley Air Pollution Control District ("SJVAPCD"). The PSA is deficient to the extent that it does not include a careful analysis of the effectiveness of the applicant-proposed mitigation measures, including but limited to the use of adhesives and gravel.

The PSA does explain that the staff believes the applicant's estimate of the effectiveness of the proposed construction PM mitigation measures is "overly optimistic" (PSA 4.1-32),

however, the mitigation measures proposed by the staff are not likely to add much benefit. We believe the CEC should seriously consider requiring off-site PM and NO<sub>x</sub> mitigation to address the project's construction related air quality impacts.

The PSA's analysis of the efficacy and adequacy of the proposed air quality mitigation measures does not meet the minimum standards set by CEQA. Based on a truncated discussion, the PSA concludes that the limits proposed by the applicant meet the best available control technology (BACT) standard. We understand that the Project's compliance with Clean Air Act regulations will be more thoroughly discussed in the context of the proceedings before the SJAPCD. Nevertheless, to pass muster under CEQA, we believe the Staff's Assessment must include a more detailed explanation for the conclusion that the applicant is meeting the BACT requirement.

Sierra Club is concerned that the use of emission reduction credits (ERCs) as the principle method of mitigation for the project's criteria emissions will have a net negative impact on the air quality in the San Joaquin Valley. The existing quality air in the Valley is abysmal, a fact that does not require much elaboration. Some of the ERCs in this case are more than twenty five years old. By relying solely on these ERCs for mitigation of the Project's air impacts, the project will contribute to the degradation of existing air quality and the nonattainment of federal and state objectives.

As the PSA notes, the SJVAPCD requires offsets only for emissions above SJVAPCD "offset thresholds." Accordingly, annual emissions of 20,000 pounds (lbs.) of NO<sub>x</sub>, 20,000 lbs. of VOCs, 54,750 lb. of SO<sub>x</sub> and 29,200 lbs. of PM<sub>10</sub> will not be mitigated. Given the existing level of air pollution in the Valley, we believe these unmitigated emissions are significant on a cumulative basis. Accordingly, we believe the CEC should require mitigation measures to completely mitigate the project's cumulatively significant impact on air quality.

It appears that the applicant will not be required to mitigate the Project's annual 793,907 lbs of CO emissions because, according to the PSA, the applicant has shown that "CO ambient air quality standards would not be violated by this project." PSA 4.1-39. The PSA does not include an adequate discussion of why the project's CO emissions are not significant or why these emissions should not be mitigated.

Likewise, the PSA does not adequately discuss the project's PM2.5 emissions. The PSA's discussion of PM2.5 in the context of cumulative air impacts (4.1-48 to 50) raises serious concerns about the proposed PM10 and 2.5 calculations and mitigation measures. Despite serious questions about the applicant's estimate of the Project's PM2.5 emissions, the PSA explains that depending on the assumptions used for cooling tower emissions, the project's PM2.5 emissions may exceed 100 tons per year. PSA 4.1-43. The applicant proposes to mitigate the project's PM2.5 emissions through ERCs for SOx, which the PSA admits is not as effective as directly reducing PM2.5 or NOx. The PSA does not explain why direct reductions in PM2.5 or NOx would be infeasible. Nor does the PSA undertake its own analysis of the adequacy of the proposed "interpollutant" conversion ratio employed by the applicant. We hope and expect that the FSA will resolve these outstanding issues and questions more comprehensively. On the present record, we cannot concur with the Staff's conclusion that the evidence in the record supports a conclusion that the Project's PM10, PM2.5 and Ozone emissions (NOx and VOC) will not result in a significant direct and cumulative impact.

The PSA states that "Energy Commission staff have long held that for fossil fuel power plants, the annual operational emissions for all nonattainment pollutants and their precursors need to be offset at a minimum 1:1 ratio." PSA 4.1-42. The Staff concludes that in this instance, the District's offset requirements would exceed that minimum offsetting goal for NOx, VOC, SO2 and PM10. We cannot agree with this conclusion in part because, as we have explained above, we do not believe ERCs are the most effective means of reducing air emission impacts. Moreover, we believe project-related emissions associated vehicular traffic must be analyzed and mitigated. We request that the Final Staff Assessment ("FSA") reconsider the Staff's conclusion.

Dated: October 21, 2010

Respectfully submitted,

/s/

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

Docket No. 08-AFC-8

PROOF OF SERVICE LIST  
(Rev. 5/10/10)

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**DECLARATION OF SERVICE**

I, Babak Naficy, declare that on October 21, 2010, I mailed hard copies of the attached Sierra Club Comments on PSA Part 1, dated October 21, 2010. The original documents, filed with the Docket Unit, is accompanied by a copy of the most recent Proof of Service list, located on the web page for this project at: **[[www.energy.ca.gov/sitingcases/hydrogen\\_energy](http://www.energy.ca.gov/sitingcases/hydrogen_energy)].**

The documents have been sent to both the other parties in this proceeding (as shown on the Proof of Service list) and to the Commission's Docket Unit, in the following manner:

**(Check all that Apply)**

**FOR SERVICE TO ALL OTHER PARTIES:**

  X   sent electronically to all email addresses on the Proof of Service list;

**AND**

**FOR FILING WITH THE ENERGY COMMISSION:**

  X   sending an original paper copy and one electronic copy, mailed and emailed respectively, to the address below (***preferred method***);

**CALIFORNIA ENERGY COMMISSION**

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I declare under penalty of perjury 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.

  /s/  \_\_\_\_\_