

INFORMATIONAL HEARING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
Application for Certification)
Hydrogen Energy)
California Project)
-----)

Docket No.
08-AFC-8

DOCKET 08-AFC-8	
DATE	SEP 16 2009
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ELK HILLS SCHOOL
501 KERN STREET
TUPMAN, CALIFORNIA

ORIGINAL

WEDNESDAY, SEPTEMBER 16, 2009

5:00 p.m.

Reported by:
Martha Lee Nelson, CERT
Contract No. 170-07-001

COMMITTEE MEMBERS PRESENT

James D. Boyd, Vice Chair, Presiding Member

Jeffrey D. Byron, Commissioner, Associate Member

Raoul Renaud, Hearing Officer

Kelly Birkinshaw, Advisor to Commissioner Boyd

Kristy Chew, Advisor to Commissioner Byron

STAFF AND CONSULTANTS PRESENT

Lisa De Carlo, Senior Staff Counsel

Alvin J. Greenberg, PhD

Rod Jones

APPLICANT

Michael J. Carroll, Attorney
Latham & Watkins, LLP

Gregory D. Skannal
Hydrogen Energy International

Asteghik Khajetoorians
Hydrogen Energy International

Tiffany Rau
Hydrogen Energy International

Dale D. Shileikis
URS Corporation

Mark Strehlow
URS Corporation

INTERVENOR

Tom Franz, Association of Irritated Residents

ALSO PRESENT

Ray Watson, Supervisor,
4th District

The Honorable Ed Hall,
Mayor of Bakersfield

Trice Harvey

Beau Antongiovanni

Johannes Epke
Center on Race, Poverty & the Environment

Richard Chapman
Kern Economic Development Corporation

Orbin Yates

Danny Caine
Kern, Inyo and Mono Counties Building Trades
Council

Mark Lamboy

I N D E X

	Page
Proceedings	1
Opening Remarks	2
Introductions	5
Comments by Elected Officials	
Supervisor Watson	6
Mayor Hall	9
Introduction to the AFC Process: Hearing Officer Renaud	11
The Role of the Public Adviser	13
Presentations by the Parties	
Applicant	20
CEC Staff	42
Staff's Issues Identification Report	50
Discussion of Proposed Schedule	52
Public Comment	
Tom Franz	65
Beau Antongiovanni	75
Johannes Epke	85
Richard Chapman	86
Orbin Yates	88
Danny Caine	90
Mark Lamboy	91
Beau Antongiovanni (additional comments)	102
Closing Remarks	104
Adjournment	106
Reporter's Certificate	107

1
2
3
4
5
6
7
8
9
10
11
12
13
14
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P R O C E E D I N G S

6:05 p.m.

PRESIDING MEMBER BOYD: Good evening, ladies and gentlemen, the hour of six having come and slightly gone. We will now open the hearing, the formal hearing.

I am Jim Boyd. I am Vice Chair of the California Energy Commission and the Presiding Commissioner for the siting case that we are here to consider.

The Associate Member of the siting committee is Commissioner Jeffrey Byron, sitting just to the right of the Hearing Officer, Raoul Renaud.

To my left is my advisor, Kelly Birkinshaw. To the right of Commissioner Byron is his advisor, Ms. Kristy Chew.

The Energy Commission creates committees of two commissioners to deal with the siting cases and we are the two commissioners assigned to this case. However, our process and procedure involves the use of a hearing officer, Mr. Renaud here, and I shortly will turn the procedures over to him.

But let me say this hearing is in conjunction with the application by Hydrogen

1 Energy International LLC for certification of the
2 Hydrogen Energy California power plant project.
3 And for those of you who just went on the tour you
4 got an introduction to the site for that.

5 Many if not most of you are here because
6 you probably saw a hearing notice, a fairly
7 lengthy hearing notice, which is our practice.
8 Which has a very detailed description of the
9 project and why we are holding this initial
10 informational site visit and informational hearing
11 on the project.

12 The siting process will be described to
13 you shortly by staff. It's a fairly lengthy
14 process. It's a very public process and a very
15 open process. You are all welcome to participate
16 in that process as we learn about this project.

17 You have seen the project site. Those
18 of you who went on the tour, it's here in Kern
19 County. It's seven miles west of the city limits
20 of Bakersfield. But they must have really pushed
21 the city limits of Bakersfield far to the west to
22 get that close. I am extremely familiar with Kern
23 County. Been here an awful lot as a native
24 Californian. I was surprised to learn how close
25 we were to Bakersfield.

1 In any event, shortly we will ask the
2 staff of the Commission and the applicant to
3 introduce themselves to you. And there will be a
4 detailed description of the project and a very
5 detailed description of the process, by our staff,
6 that we go through in holding hearings and in
7 consideration of an application for certification
8 of a power plant here in California.

9 With that I am going to ask the Hearing
10 Officer, who you will find will be doing most of
11 the talking in this hearing for us, the Committee,
12 to take over the chairmanship and to conduct the
13 hearing. Commissioner Byron and myself, in fact
14 any of us up here at the table, will and have a
15 habit of asking questions of any and all the
16 presenters tonight as we begin to create a record
17 on which the decision that will be made with
18 respect to this application will be predicated.

19 This is a fairly formal and quasi-
20 judicial process. The decision has to be
21 predicated on the record. That's why we wanted
22 you here in the room in front of a microphone, so
23 it's recorded into the record of the hearing with
24 regard to most of the questions you would have.

25 And you will hear shortly about the very

1 strict processes involved with regard to who you
2 can talk to and who you can't talk to from this
3 point forward. We have very strict ex parte
4 communication rules. You will find that we
5 commissioners can't even talk to our staff about
6 this project without it being on the public
7 record, either in a hearing or documented in the
8 record. And we don't like to write a lot of stuff
9 so it is always in public hearings.

10 So with that, Hearing Officer Renaud, if
11 you would take over responsibility and take us
12 through the rest of the agenda.

13 HEARING OFFICER RENAUD: Thank you,
14 thank you Commissioner Boyd. And welcome
15 everybody, thanks for coming.

16 You may have noticed as you came back
17 from the site visit that it smells pretty good in
18 here and let me explain a little bit about that
19 before we go into anything else.

20 The Energy Commission, as Commissioner
21 Boyd said, tries to conduct this hearing process
22 in such a way as to make it accessible to members
23 of the public. So we try, for example, to hold
24 hearings late in the day so that people who are
25 work can come here after work.

1 But that means that we are here during
2 the dinner hour and people might get hungry. But
3 so that we can keep going with our business and
4 not have to take meal breaks the applicant has
5 brought in some food and refreshments. And I just
6 want to let you know that it's available for any
7 of you who are here. Help yourselves. Feel free
8 during the proceedings to help yourselves so that
9 we can keep going and not have to take a meal
10 break.

11 Having dealt with that bit of
12 housekeeping let me continue with introductions.
13 You will notice we have a table to my right, your
14 left. These are representatives of the Energy
15 Commission staff and let me ask them to introduce
16 themselves, please.

17 MR. JONES: Good evening. My name is
18 Rod Jones; I am the staff project manager.

19 MS. De CARLO: Hello. My name is Lisa
20 De Carlo. I am staff counsel for the Energy
21 Commission.

22 HEARING OFFICER RENAUD: Thank you. And
23 you will notice to your right is a table with
24 representatives on behalf of the applicant. And
25 let me ask them to introduce themselves, please.

1 Gregory I think you know.

2 MR. SKANNAL: Yes, good evening. My
3 name is Gregory Skannal. I am the health, safety,
4 security and environmental manager for Hydrogen
5 Energy International.

6 MR. CARROLL: My name is Mike Carroll.
7 I'm with the law firm of Latham and Watkins and we
8 are outside counsel to the project applicant.

9 MS. KHAJETOORIANS: Good evening. My
10 name is Asteghik Khajetoorians, I'm in-house
11 counsel for Hydrogen Energy.

12 MR. SHILEIKIS: Good evening, my name is
13 Dale Shileikis. I am with URS, the consultant to
14 the applicant and the project manager for the
15 Application for Certification.

16 HEARING OFFICER RENAUD: Very good,
17 thank you very much.

18 We also have with us today two members
19 of your local government, Supervisor Watson and
20 Mayor Hall from Bakersfield. They intended they
21 wished to say some brief remarks and I'd invite
22 you to come forward, Supervisor Watson, please.
23 Why don't you use the podium here.

24 SUPERVISOR WATSON: Well thank you very
25 much. My name is Ray Watson and I am Supervisor

1 of the Fourth District. And it is my pleasure on
2 behalf of our Board to welcome two members of the
3 California Energy Commission who have already been
4 introduced, James Boyd who is the Vice Chair, and
5 Jeffrey Byron, who is one of the Commissioners.
6 And certainly all of the staff and the applicants.

7 As has already been stated, they are
8 here to talk about the potential licensing of a
9 hydrogen power plant here in Kern County. And I
10 just wanted to take a minute to talk about the
11 fact that Kern County is one of the major energy
12 producers in the state of California, and for that
13 matter in the nation.

14 We produce about 70 percent of the oil,
15 50 percent of the gas. We are involved in now
16 renewable sources of energy. Between wind and
17 solar right now we have almost 800 megawatts on-
18 line. We have another 3,000 that are in the
19 planning status and we think we have a potential
20 of almost 6,000 megawatts in the longer term.
21 That's been currently identified.

22 We are really excited about the
23 possibility of a hydrogen energy plant being
24 located here in Kern County. But certainly it has
25 a very rigorous process to go through before that

1 can happen. And I think you have already gotten
2 an indication of that from the Commissioner.

3 But this idea of taking the byproducts
4 of the refining process for oil, the coke, and
5 using that and coal to produce clean hydrogen, and
6 then taking the CO2 gas and using that to help
7 extract more oil instead of having to use more
8 power to generate steam as we are already doing
9 here in the steam recovery process. And then
10 reducing the greenhouse emissions. I think it's a
11 very exciting potential.

12 Also using brackish water. Everybody
13 seems to use water and it's in shortage in
14 California. But brackish water we have plenty of
15 and we are happy to share that with you.

16 So anyway, this is going to be a
17 rigorous process. I'm excited about the prospect
18 of going through that and I want to let you know
19 that I and our board certainly want to help the
20 Commission in any way possible and the applicants
21 as well.

22 And I just wanted to mention that if
23 this ever does come to fruition you might want to
24 consider putting a little plaque out there on the
25 corner of the project that says, Trice Harvey was

1 here. Thank you. (Laughter.)

2 HEARING OFFICER RENAUD: All right,
3 thank you very much. Mayor Hall.

4 MAYOR HALL: Well good afternoon. It
5 certainly is my pleasure as the mayor of
6 California's 11th largest city, Bakersfield,
7 California, and seven and a half miles west into
8 this project area to welcome the Commission for
9 selecting this site and taking the time to conduct
10 this hearing.

11 Because the people of Bakersfield and
12 Kern County and on the west side are certainly
13 interested and looking forward to the subsequent
14 approval of this project.

15 When you talk about the establishment of
16 1500 construction jobs and the prospect of
17 creating permanent work for 150 individuals, and
18 to look at the opportunities of the increased tax
19 revenues that we all will be the recipients of,
20 this is a tremendous opportunity for our community
21 of Bakersfield and for Kern County.

22 I just want to add too, and I know this
23 is a part of the process. But I commend the
24 applicant, Hydrogen Energy of California, for
25 bringing this project forward. And I want to

1 convey to you that within our Kern County
2 construction community that we have a number of
3 outstanding trade unions and trade practitioners
4 that stand by and are ready to help with the
5 construction of this project.

6 I hope all of you have a very
7 enlightening and educational hearing today and it
8 has been my pleasure to spend just a couple of
9 moments addressing you. Thank you very much.

10 PRESIDING MEMBER BOYD: Well thank you,
11 Mayor Hall and thank you, Supervisor Watson and
12 Trice. Is it safe to admit that I've known you
13 for a long, long time, in this community? Because
14 in Sacramento I would have never said it was safe
15 to know you. (Laughter.)

16 MR. HARVEY: It's safe here.

17 PRESIDING MEMBER BOYD: It's safe here?
18 I figured it was safe here.

19 Yes, I have known former supervisor,
20 former assemblyman Trice Harvey for a long, long
21 time. And I don't know if that prejudice is for
22 or against this case. I just wanted to make that
23 point. In fact, I have an assembly resolution
24 hanging on the wall of my office that the former
25 assemblyman authored. We go back a long ways but

1 we won't tell any of you about it.

2 HEARING OFFICER RENAUD: Okay, thank
3 you. As we have indicated, we will have an
4 opportunity for members of the public to comment
5 at the end of the proceedings this evening.

6 Let me say a few words about the review
7 process before we proceed into further
8 presentations.

9 If you want to build an electrical
10 generating facility that is thermal, that runs
11 using heat, some form of heat, in California over
12 50 megawatts, you need to come to the Energy
13 Commission for a license.

14 The applicant in this case has done so.
15 And the Energy Commission now has the job of
16 reviewing that application pursuant to the
17 California Environmental Quality Act and the
18 Warren-Alquist Act. The idea of that review is to
19 determine whether the proposed project will create
20 substantial adverse impacts on the environment or
21 on energy resources.

22 That review is done by Energy Commission
23 staff composed of scientists expert in many
24 different fields. And the review process, the
25 entire process which takes 12 months or longer, is

1 intended to be entirely transparent and open to
2 the public.

3 At the end of the process the Energy
4 Commission will issue a decision either permitting
5 or denying the application. That decision can
6 only be based upon evidence, that is documents and
7 facts and testimony, that are in the official
8 public record of the proceedings.

9 This hearing is one such public
10 proceeding. In fact it will be transcribed and
11 placed into the record of the proceeding. Again,
12 the point is to make sure that everything that
13 goes on, all discussions, all investigations, all
14 negotiations, everything else is done in public
15 and open.

16 For that reason we have a rule which is
17 called the ex parte rule. And since the Committee
18 Members, Commissioners Boyd and Byron, will be the
19 decision-makers, they are prohibited from
20 communicating with any of the parties about the
21 case. And the parties include the applicant, the
22 staff and the intervenors. Anybody who has an
23 interest in the outcome of the case. That ensures
24 that any kind of discussion or communication is in
25 a public forum such as this one and there's

1 nothing going on behind the scenes that would not
2 be open to public view.

3 The record of the proceeding is posted
4 on the web site and is also available in public
5 places and I will discuss those shortly.

6 We encourage participation by the
7 public. And coming to a meeting like this you are
8 beginning that process of participation. One of
9 the ways the Energy Commission helps people
10 participate is by having the Office of the Public
11 Adviser. This is an office whose job is to help
12 members of the public learn how they can
13 effectively participate in this process, learn
14 about the project and make their views know.

15 The Public Adviser for this project is
16 Loreen McMahon. She is unable to attend today but
17 does have a presentation and so I will play the
18 role of Loreen McMahon and give you a brief
19 rundown of her presentation. And you have the
20 same slides that I am looking at here so I don't
21 have to turn around, which is really nice.

22 The Public Adviser, as I said, is a
23 member of the Commission staff who is appointed by
24 the Governor and is there to help the public
25 understand the process and participate in the

1 process.

2 The Public Adviser's Office goes to
3 great lengths to make sure that members of the
4 public in the region of the project are aware of
5 it and have access to information. They send out
6 notices about the project to city and county
7 officials all over the region. People who own
8 property or live near the area receive notices as
9 well. They pay for media outreach in newspapers,
10 things are posted on web sites and the press is
11 contacted.

12 We also send out, the Public Adviser
13 sends out a mailing to resident within 1,000 feet
14 of the project site and within 500 feet of the
15 project linears. Linears meaning typically power
16 lines or pipelines that connect the project.

17 Libraries in the region also received
18 copies of the Application for Certification so
19 that you can actually go physically view and
20 handle one of those massive documents if you want
21 to.

22 And the project mailing list involves
23 everybody who lives in the area, all the libraries
24 and all the local agencies. There is also a proof
25 of service list so that in countless ways notice

1 about the goings-on with respect to this project
2 review are made available to the public.

3 There is also a list server and those
4 who have access to a computer and email can sign
5 up to receive notices about the project by email.
6 And there are sign-up sheets in the back of the
7 room not only for that but also for you to sign up
8 to receive things by postal mail if you prefer to
9 get paper copies. Next slide, please.

10 The Executive Director of the Commission
11 sends correspondence to local elected officials.
12 And again, the press releases are extensive going
13 to local publications, television and radio
14 stations. Next please.

15 The Energy Commission web site is a
16 great resource of information about not only this
17 project but about energy in the state of
18 California overall. If you go to the specific web
19 pages for this project you can see all the notices
20 and announcements about it. The log of every
21 document that has been placed in the docket of the
22 project and all the documents and reports. And
23 you can view these, read these on-line.

24 The Energy Commission also has a library
25 at our headquarters in Sacramento which has an

1 awful lot of information about energy issues. And
2 as I mentioned previously, the list server that
3 you can sign to be on and the mailing list. Next
4 slide, please.

5 This is a list of the local libraries
6 where you could actually go sit down with a copy
7 of the Application for Certification. The
8 libraries in Taft, Boron, Tehachapi and in
9 Bakersfield. The AFC can also be viewed on the
10 web site. And although it is a very large
11 document it is actually broken up into bits on the
12 web site so that it is not at all hard to download
13 and view it. Next please.

14 Now when you come to any of these public
15 hearings conducted by the Commission there is
16 always a public comment period. Your comments are
17 made part of the record. They are considered,
18 they are heard by the Commissioners. They are
19 considered in making the decision but in the
20 technical, legal sense they are not evidence.
21 Evidence is put into the record by those who are
22 parties to the case, which means the staff, the
23 applicant and those who are intervenors.

24 You can in addition to making comments
25 at our hearings, you can send written comments to

1 the Commission. If you send them by email or you
2 send them in writing they will be placed in the
3 record. It is good to note the docket number for
4 this matter on anything you send in so that they
5 can easily make sure that it gets to the right
6 case. And that is 08-AFC-8. Next, please.

7 Intervention is a more formal way to
8 participate. Anyone who has an interest in the
9 proceedings can file a petition to intervene. You
10 do not need to be an attorney to intervene, you
11 don't need to have an attorney to intervene. The
12 Committee reviews the petitions to intervene and
13 if it is approved you become a party. The Public
14 Adviser's Office can provide you with information
15 about intervening and also with a form petition.

16 When you do decide to become an
17 intervenor you gain the rights of a party. That
18 means that at the evidentiary hearings, for
19 example, you could put evidence into the record.
20 You could present witnesses. You could cross
21 examine the witnesses of the other parties.

22 If you think you want to intervene I
23 would recommend that you do that early in the
24 proceedings because there are deadlines that start
25 to run as we proceed through the process and those

1 deadlines apply to intervenors just as if you were
2 a party. Next slide, please.

3 So as an intervenor you receive all the
4 filings in a case. You receive all the notices.
5 You are actually on the proof of service, which is
6 the legal document that stands as proof of who was
7 sent what. And as I indicated you can participate
8 in presenting evidence, presenting motions, filing
9 briefs and so forth. Next, please.

10 If you are interested in following the
11 progress of this review sign up to receive notices
12 and keep track of what is going on. Make note of
13 the dates. There will be workshops conducted here
14 in this area that will be open to the public.
15 Submit your written comments and come to any of
16 the project events. We always have translation in
17 languages other than English available. We have
18 it here today. I believe that was announced
19 earlier. Next slide, please.

20 Loreen McMahon, as I indicated, is the
21 Public Adviser. She can be reached by phone or by
22 fax or by email. The Public Adviser's Office is
23 there for you. They are there to help you and so
24 do take advantage of that resource if you are
25 interested in following or participating in this

1 case.

2 All right, thank you. Now I am going to
3 take off Loreen's hat and proceed with the
4 presentations about the process itself. Let me
5 check my agenda to make sure we don't skip
6 anything. All right.

7 Now we already had the site visit, which
8 I think was very informative, from the applicant.
9 I understand the applicant has some additional
10 materials to present here today in this portion of
11 the proceedings. And if you would like to go
12 ahead, thank you.

13 MR. SKANNAL: Again, good evening. And
14 thank you to the Commissioners and the staff and
15 to the public that has come out to participate in
16 this public hearing. So thank you for coming out
17 and participating.

18 I do want to reiterate one more time,
19 and I know it's been said, that we do have the
20 headsets available if anyone would prefer Spanish.
21 We do have a translator and we do have the
22 headsets that are over on that side if you would
23 like.

24 So again, my name is Gregory Skannal,
25 the health, safety, security and environmental

1 manager for Hydrogen Energy California, which we
2 call HECA. And so if you hear me say, HECA
3 project, HECA is Hydrogen Energy California. I
4 want to present to you our low-carbon power
5 project.

6 Hydrogen Energy International, LLC is a
7 jointly owned company by BP Alternative Energy and
8 Rio Tinto. The company was established in 2007 to
9 focus on industrial scale, base-loaded hydrogen
10 fuel power generated using fossil fuel and also
11 carbon capture and sequestration or storage. And
12 so I will use the acronym CCS throughout my
13 presentation. CCS stands for carbon capture and
14 sequestration. Also the business has an objective
15 to commercialize the hydrogen energy, hydrogen
16 power production to demonstrate the technology on
17 a world scale, a worldwide scale and to be used in
18 the power production process.

19 So I would like to just spend a minute
20 here to talk about why is there a need for HECA in
21 California. I've got a graph here that shows
22 California has greenhouse gas policy goals. The
23 first one is the 2020 goal set by AB 32, which is
24 Assembly Bill 32. The second one is by Governor's
25 Executive Order 2050.

1 As you can see from the graph the red
2 line shows that if nothing is done our greenhouse
3 gas will increase along that red line where it
4 will continue to increase in the atmosphere and
5 there could be, continue to be climate concerns.

6 The 2020 target established by Assembly
7 Bill 32 shows the reduction of greenhouse gases to
8 1990 levels. The 2050 shows the tremendous
9 reduction by the year 2050 to reduce the
10 greenhouse gases down to the level shown on the
11 graph.

12 And so what does that mean? It means
13 that the current operations of power plants will
14 have to change to meet these aggressive reductions
15 for greenhouse gas. And so this not only means
16 that the natural gas plants will have to figure
17 out ways to reduce the greenhouse gas it also
18 includes the coal-fired power plants.

19 And so the way they will do that, one of
20 the ways, is with the CCS, carbon capture and
21 sequestration. And so to meet these aggressive
22 goals it will require that we do something right
23 now. And thus our project, HECA, is being
24 presented to you.

25 Also one of the other benefits that the

1 HECA project will do is demonstrate at a
2 commercial scale how we can capture the CO2 and
3 safely store it underground so that it is secure
4 and not impacting the air and our environment.
5 Next slide.

6 So we are going to show you a quick
7 video and then I will come back and finish the
8 presentation.

9 (Whereupon a video was played.)

10 MR. SKANNAL: So HECA's project
11 objective. The objective of our project is to
12 generate, as you just heard, low-carbon baseload
13 power to meet California's stringent greenhouse
14 gas policy goals.

15 The second item that the project
16 objective delivers on is creating hydrogen to
17 provide a fuel source to burn to generate the
18 electricity. It will be used to generate up to
19 250 megawatts of low-carbon power.

20 Also the project objective is to capture
21 up to two million tons of carbon dioxide for
22 sequestration and enhanced oil recovery in the
23 nearby Elk Hills field.

24 The objective also is to operate with
25 feedstock flexibility. And by that we can use a

1 range of petroleum coke, which are materials that
2 are currently generated as byproducts at the
3 existing refineries in California as well as coal.
4 These are gasified and used to produce the
5 hydrogen and the CO2.

6 And then one of the last objectives
7 listed here is to preserve fresh water by using
8 the brackish water for the plant's needs.

9 So this slide here is to demonstrate one
10 of the objectives that I stated about generating
11 low-carbon power to meet California's growing
12 electrical demand and to satisfy California's
13 greenhouse gas policies.

14 So if you look to your right this is the
15 amount of CO2 emissions in pounds per megawatt
16 hour. On the very right you can see the amount of
17 CO2 that would be released for a new coal power
18 plant without CCS or carbon capture and
19 sequestration.

20 To its left is IGCC, which is integrated
21 gasification combined cycle without capture. Our
22 project is the IGCC with carbon capture where we
23 are capturing the CO2.

24 The third bar to the left is the Senate
25 Bill 1368 which sets the limits for greenhouse gas

1 emissions for power generation and so it is called
2 an emission performance standard. That
3 performance standard is 1100 pounds per megawatt
4 hour.

5 To the left of that is natural gas
6 combined cycle without carbon capture.

7 And then the bar second from the left is
8 the California portfolio average. By that, that's
9 taking all of the means of power production,
10 solar, wind, fossil fuel, natural gas and coal, to
11 give you an idea of the amount of CO2 per megawatt
12 hour.

13 And then the very last, the Hydrogen
14 Energy proposed California project. Again,
15 showing you the tremendous advantage we can have
16 with the project in addressing the greenhouse gas.
17 Next, please.

18 Again, you just saw the video that went
19 through the process. Here I have a simplified
20 model of what is called IGCC, integrated
21 gasification combined cycle. And I just wanted to
22 use this to kind of quickly explain the process
23 again.

24 So if you start at your right, number
25 one, you have the feedstock which is petroleum,

1 coke and coal. It comes into the plant. It is
2 then conveyered into the gasification unit.

3 There it is introduced into a vessel.
4 High temperature/high pressure creates the gas.
5 It is carbon monoxide and hydrogen. It then goes
6 through what is called a shift reaction, where it
7 is cleaned up. The carbon monoxide is shifted
8 into carbon dioxide, that's the CO2. That's the
9 carbon captured. The CO2 is captured. That gas
10 is cleaned up and then the clean CO2 is the gas
11 that will go over to the Elk Hills facility for
12 the sequestration and enhanced oil recovery.

13 The other gas, as the video described,
14 is the hydrogen. And so again, in the shift
15 reactor in the process sulfur is removed from the
16 gas. The sulfur will be captured and will be
17 elemental sulfur. They hydrogen then will go to
18 the power plant portion of the project and that is
19 the fuel that will be used to make the
20 electricity.

21 Gasification is -- the process does what
22 we call a synthetic gas. So when this gasified
23 the petroleum coke and coal it is called synthesis
24 gas, synthetic gas or syn-gas. And that is the
25 gas that is then broken into its components of

1 carbon monoxide made into carbon dioxide and
2 hydrogen.

3 Again, our feedstock will be petroleum
4 coke that will come from California refineries and
5 is a product that is currently existing today.

6 So HECA's environmental benefits. As
7 stated earlier we will eliminate two million tons
8 per year of greenhouse gas annually. That is
9 equivalent, just to give you some idea, is
10 equivalent to taking about 500,000 cars off the
11 road per year in the reduction of greenhouse gas.

12 The project, as was discussed by the
13 Hearing Officer and the Commissioner, will require
14 that we meet all strict state and local air
15 quality standards.

16 The project will be required to mitigate
17 its emissions with offsets and we will be working
18 with San Joaquin on a community benefit plan in
19 addition.

20 The project also is set up such that
21 there is a zero discharge of waste water and storm
22 water. So the water is captured and recycled into
23 the process. And we clean it up and continue to
24 recycle it and keep it into the process. And then
25 there is makeup water, additional water that we

1 will use.

2 The majority of the water that is used
3 in the process is used in cooling towers and some
4 of the water also is used in the shift process to
5 make the CO₂. So the water is made up of H₂O,
6 hydrogen and oxygen. The hydrogen is released.
7 The oxygen binds with the carbon monoxide to make
8 the CO₂ and then you have hydrogen.

9 We talked about the brackish
10 groundwater. Again, we are working with the Buena
11 Vista water storage district and we are working
12 with them. By us using the brackish water what we
13 are doing in working in conjunction with them, it
14 is very helpful for our project and it also helps
15 the water district prevent the eastward migration
16 of this brackish water. So it indeed keeps the
17 water from migrating further to the east, which in
18 time could potentially impact the farming
19 operation. So a lot of benefit in us working with
20 the district and that brackish water.

21 And then the last environmental benefit
22 that we have talked about is really the capture of
23 the CO₂. By us using the petroleum coke not only
24 are we capturing the CO₂ but the current use of
25 the petroleum coke is burned. And so the criteria

1 pollutants and the CO2 in its current use is being
2 released to the air. With our process we will
3 capture the CO2.

4 So HECA's economic and community
5 benefits. With the 250 megawatts of power that
6 will be provided, that will provide low-carbon
7 power for about 150,000 homes. This is base-
8 loaded power. What does that mean? What it means
9 is this power would be available on a consistent
10 basis. It is a means of supporting the renewable
11 powers such as solar and wind. Because as we know
12 if the wind is not blowing there is no wind power.
13 And if the sun is shining there is no solar power.
14 So this is a means of supplementing that power
15 source.

16 It will create construction as well as
17 permanent jobs for the area.

18 It will generate new tax revenues, again
19 for the local community and for the state of
20 California.

21 It will preserve the limited fresh
22 water, we are using the brackish water.

23 Again, with the use of the CO2 for
24 enhanced oil recovery it really does help for our
25 country as a whole to back out foreign oil coming

1 into the US as well as any of the pollution there
2 might be with their transport.

3 And then again, by using petroleum coke
4 from existing California refineries and coal we
5 are able to provide fuel diversity for the plant
6 as well as lessening our dependency on natural
7 gas.

8 And then the last point I wanted to make
9 is not only the use of hydrogen to generate low-
10 carbon power but it also opens up the opportunity
11 for a hydrogen economy for the San Joaquin Valley.
12 So as the plant produces hydrogen and we find
13 other uses such as transportation, other uses of
14 hydrogen, this plant can figure into that support.
15 Next one, please.

16 Hopefully everyone went to the site.
17 For those that didn't go to the site, again, this
18 is just a quick overview of the site. This also
19 is in our Application for Certification, our AFC.
20 If you go to any of those sources that were
21 mentioned earlier you can see. So again it shows
22 the Midway substation where the power will leave
23 the plant and go northwest.

24 If you look at the blue line on the west
25 side it shows the water line that will bring the

1 brackish water into the plant. And then these
2 other lines, the CO2, those are some of the
3 proposed routes that we are looking at.

4 And then last but not least, the red and
5 blue line. It shows you the proposed route for
6 the natural gas for the plant as well as the
7 potable water. The water that will be used for
8 drinking and for sanitary purposes.

9 PRESIDING MEMBER BOYD: While you have
10 got this map up here can I ask you a question?

11 MR. SKANNAL: Yes sir.

12 PRESIDING MEMBER BOYD: Are you going to
13 get to a map that might show the truck haul route?
14 Or do I need to ask you now to trace out what
15 might be the truck haul routes for the coke and
16 the coal?

17 MR. SKANNAL: I don't have it in the
18 deck so I would need to show you.

19 PRESIDING MEMBER BOYD: So can you show
20 us and the audience --

21 MR. SKANNAL: Yes.

22 PRESIDING MEMBER BOYD: -- what the
23 proposed routes are for coke and coal trucks.

24 MR. SKANNAL: So again, this is
25 Interstate 5. Some of the petroleum coke that we

1 are looking at will come from the Los Angeles
2 Basin so it will come up Interstate 5. Stockdale
3 Highway is here. So it will come up Interstate 5,
4 come down Stockdale Highway, down Dairy Road into
5 the plant.

6 Big West is I believe up in this area.
7 Big West is a source of petroleum coke that we are
8 looking at. It will come down Interstate 5 to
9 Stockdale Highway. Again coming down Dairy Road
10 into the plant.

11 Big West is I believe up in this area.
12 Big West is a source of petroleum coke that we are
13 looking at. It will come down Interstate 5 to the
14 Stockdale Highway. Again coming down Dairy Road
15 and to the plant.

16 PRESIDING MEMBER BOYD: Excuse me. Does
17 Big West have a current source of petroleum coke?
18 Because they have been closed for quite a while
19 and I don't hold much optimism they will ever open
20 again.

21 MR. SKANNAL: So if they don't open,
22 sir, it will not be a source of petroleum coke.

23 And then we have looked at Santa Maria.
24 Santa Maria as a source would come across State
25 Highway 46, come down Interstate 5, again to

1 Stockdale Highway, down Dairy Road and to the
2 plant.

3 And then the Bay Area again would come
4 down Interstate 5 to Stockdale Highway, to Dairy
5 Road and to the plant. So those are the routes
6 for the petroleum coke.

7 For the coal, Wasco has a transloading
8 facility that Savage currently operates. Wasco is
9 kind of up in here. What the coal would do, it
10 currently comes into the state of California. So
11 we would work with the Wasco facility. They would
12 take Highway 46 west to Interstate 5, come down
13 Interstate 5 to Stockdale Highway, Stockdale
14 Highway to Dairy Road and to the plant.

15 PRESIDING MEMBER BOYD: Can you indicate
16 how much coal you anticipate importing? We don't
17 really burn much coal in California to generate
18 electricity. In fact we usually say, we virtually
19 use no coal. It is true coal is coming into
20 California but can you give us an idea of the
21 magnitude of the quantities of coal you are
22 talking about bringing in.

23 MR. SKANNAL: So right now the -- I want
24 to be clear, we are not burning coal, we are
25 gasifying coal. So I want to make sure that I

1 state that for the record. The fuel that we are
2 burning is hydrogen. We are gasifying coal and
3 petroleum coal.

4 PRESIDING MEMBER BOYD: I stipulate to
5 your correction.

6 MR. SKANNAL: Okay. The feedstock that
7 we are looking at is about 3,600 tons per day of
8 feedstock. And the way we are looking at
9 operating our plant, we will operate at up to 100
10 percent petroleum coke, which would come from the
11 California-based refineries, all the way up to 75
12 percent coal. So 75 percent of that 3,600 would
13 be, could be the amount of coal that would be
14 gasified.

15 PRESIDING MEMBER BOYD: Thank you.

16 ASSOCIATE MEMBER BYRON: Excuse me,
17 Mr. Skannal.

18 MR. SKANNAL: Yes.

19 ASSOCIATE MEMBER BYRON: Let me just add
20 a question or two to Commissioner Boyd's question.
21 The primary purpose is to burn -- excuse me, to
22 gasify that coke. Why would you need to be able
23 to go up to 75 percent coal?

24 MR. SKANNAL: Primarily, again, is fuel
25 flexibility. Commissioner Boyd hit a point that

1 is very poignant to us. Big West was a source as
2 we began this path. I know folks have different
3 opinions of whether Big West will open again or
4 not but we need that fuel flexibility. For
5 example, if a refinery is in a turnaround we need
6 to be able to supplement our fuel because it is a
7 baseload power plant so we will be obligated to
8 keep the plant running. So Big West is an
9 example. Turnarounds of refineries where the
10 petroleum coke may not be available. We'll have
11 the flexibility to operate with coal.

12 PRESIDING MEMBER BOYD: Is your priority
13 coke? And if there were an endless supply of coke
14 would you just use almost all petroleum coke?

15 MR. SKANNAL: That is our desire is to
16 demonstrate -- well, to demonstrate both,
17 petroleum coke and coal. But the plant, as I say,
18 is being designed to run up to 100 percent
19 petroleum coke.

20 PRESIDING MEMBER BOYD: Okay. I am
21 learning a lesson here I didn't know because --
22 well. I prefer the 100 percent coke so we'll let
23 it go at that.

24 MR. SKANNAL: Okay.

25 PRESIDING MEMBER BOYD: Although I have

1 an understanding you have got to mix a little coal
2 in there most of the time anyway for a better --
3 for technology reasons.

4 MR. SKANNAL: Yes. And so that is part
5 of the project is demonstrating that it is a very
6 meaningful way for coal as well. But our, you
7 know. We want to emphasize that we are
8 predominately dealing with petroleum coke but we
9 do also want to demonstrate that the technology
10 works to gasify coal as well.

11 PRESIDING MEMBER BOYD: I have to be
12 careful. I'm sitting here with my black judicial
13 robes on. And as I said, we have got to make the
14 record. This is not a symposium on coke versus
15 coal. But I will state as a bona fide California
16 defender that, you know, we are not all that
17 interested in coal here. But DOE is and DOE has
18 put a lot of money into your project and we
19 appreciate their interest.

20 We probably have a greater interest in
21 using that waste material called coke, which is
22 what fascinates us about this project. Which
23 fascinated me about the project when its original
24 origins were in Carson, California and it has
25 eventually made its way here to Kern County.

1 I salute your desire to use coke because
2 as you said, you know, we truck it to the ports,
3 we send it by dirty ships to the far east and it
4 come back as air pollution a few weeks later. So
5 if we can use it in a cleaner way that's a good
6 thing. But what we are talking about here is
7 about siting a power plant in a specific area.

8 But in any event I am glad to hear you
9 say your bias is for coke.

10 MR. SKANNAL: The next slide, please.

11 So I showed you the site. The
12 intergovernmental panel on climate change has
13 found that a well-characterized and managed site
14 can store up to 99.9 percent of the injected CO2
15 for thousands of years.

16 And so the Elk Hills fields satisfy that
17 criteria that was part of what was required for
18 the project. Elk Hills is well characterized and
19 well understood. It has been around for a number
20 of years. And with the EOR and sequestration we
21 have a very experienced operator in Occidental
22 that will be operating the field. So Oxy, as we
23 call them by short name instead of Occidental.
24 Oxy has demonstrated lots of years of experience
25 and operated numerous miles of pipeline for CO2.

1 PRESIDING MEMBER BOYD: And then --
2 before you leave.

3 MR. SKANNAL: Yes.

4 PRESIDING MEMBER BOYD: You don't have
5 to go back to that chart, before you leave the
6 subject, just so the audience knows. You get that
7 high degree of efficiency you cited if the oil
8 field is operated to optimize that particular
9 criteria. I mean, we have a lot -- Commissioner
10 Byron and I have a lot of knowledge about enhanced
11 soil recovery.

12 And I will admit that using CO2, besides
13 pulling it out of the atmosphere, has other
14 advantages as you have pointed out. Not using
15 natural gas to make steam to inject in the ground,
16 therefore saving another fossil fuel. But we will
17 be interested in what kind of commitments Oxy is
18 making to manage their use of this CO2 to maximize
19 the percentage that stays in the ground.

20 There are two terms for CCS, carbon
21 capture and storage and there's carbon capture and
22 sequestration. There's a subtle difference.
23 Sequestration means it is going to stay there in
24 perpetuity, to us who have studied sequestration
25 for over a decade. Storage means there is no

1 guarantee that all of it is going to stay there.

2 So that is not a criteria for the power
3 plant but that is an extreme interest for those us
4 who are also worried about climate change as you
5 have indicated. So we will be interested in that
6 feature.

7 MR. SKANNAL: And Commissioner Boyd, to
8 that point. We are very interested in
9 sequestration as well and that is one of our
10 objectives, as I stated earlier.

11 So here we have talked about carbon
12 capture and Commissioner Boyd just shared some of
13 the information with you. So what I put here is
14 three, what I think are three really good
15 references that I would suggest if you want to
16 know more about carbon capture and sequestration
17 here's three sources I think will give you lots of
18 good information.

19 The first one being www.westcarb.org,
20 the second one is [www.fossil.energy.gov/programs/
21 sequestration/index.html](http://www.fossil.energy.gov/programs/sequestration/index.html). And if you need this,
22 if you need it later we'll make sure you get those
23 websites. And then the third one is
24 www.ccs-education.net. Again, three independent
25 sources that provide lots of good information on

1 CCS. How it acts, how it operates. And you can
2 use those sites to really educate yourself.

3 PRESIDING MEMBER BOYD: Can I take
4 advantage of you to give a commercial here? The
5 WESTCARB program that is cited here is a seven
6 western state program funded by the states and
7 DOE, which the California Energy Commission
8 happens to manage. That's why we know so much
9 about carbon capture and sequestration, et cetera,
10 et cetera. And it is a good web site. You can go
11 to that web site and get bridges to these others
12 if you don't want to write all of those letters
13 down. That's a simple way to go. So thank you
14 for pointing that out.

15 MR. SKANNAL: Next slide. And then
16 contact information. Again my name is Gregory
17 Skannal. You can reach me at the address there
18 and the phone number. And again, we'll make sure
19 that that is available if anyone needs that.

20 And then Tiffany Rau is our policy and
21 communications manager. And Tiffany has her hand
22 up right there. So please feel free -- after the
23 hearing is over we will be here if you want to
24 stick around and talk to us individually, myself
25 and Tiffany and the rest of our team.

1 And then I would encourage you, we have
2 our own web site www.hydrogenenergycalifornia.com.
3 I would encourage you to go there. You can see
4 not only what the CEC will put on their web site
5 but we keep our web site updated where you can get
6 information, you can ask questions, you can learn
7 more about the project. So I would encourage you
8 to write that down and to visit it often and keep
9 abreast of the project as well as some of the
10 other sources that were presented.

11 And then coming soon to a theater near
12 you. We are looking to open up a Hydrogen Energy
13 Visitors Center in Buttonwillow. The address will
14 be 189 East Front Street, Buttonwillow,
15 California, 93206. That's Highway 58 and Mirasol.
16 On that corner is where we will be opening our
17 visitors center. I believe in the next couple of
18 weeks it should be up and ready to occupy. And
19 again we will have local presence so that you can
20 come by and visit and again, ask your questions.
21 Those folks, if they can't answer it they'll make
22 sure they get it to us. Next slide.

23 And then I do want to give one more plug
24 to the information that Tiffany put together and
25 her team. If you didn't get a folder I would

1 encourage you to please pick up a folder. It has
2 lots of good information in here about the
3 project. It's got our newsletter that we will be
4 issuing regularly to keep you abreast of what's
5 going on in the project and lots of good
6 information. So I would encourage you to take one
7 of these with you.

8 And then in closing. Mr. Jones will get
9 up in a few minutes. In part of his presentation
10 he will go through the staff's, what is called the
11 staff's Issue Identification Report. And that's
12 where the staff has identified three major issues
13 that they will be working with the applicant,
14 HECA, on making sure that those concerns are
15 addressed. I did want to take just a few minutes,
16 if I could, to say a few words about that since
17 Mr. Jones will actually follow me and you won't
18 see it and I don't get to come back.

19 But the three areas -- okay. Should I
20 come back, Mr. Renaud?

21 HEARING OFFICER RENAUD: It might --

22 MR. SKANNAL: I think that probably
23 would be better. Okay, thank you, sir.

24 HEARING OFFICER RENAUD: All right.

25 I also, with all the addresses and names

1 and phone numbers I think I saw a stack of copies
2 of these slides. Am I correct about that? So if
3 anybody -- do you have some? There are some. So
4 people who wanted to pick that up and get that in
5 writing you probably could get a copy of that.

6 Okay, coming up to the mic now is
7 Mr. Rod Jones who is the project manager assigned
8 by the Energy Commission to oversee the review of
9 this case and he is going to give you a
10 description of the Energy Commission's review
11 process.

12 MR. JONES: Thank you, Mr. Renaud.
13 Actually I have 50 slides. But I managed to
14 narrow it down to 21 so bear with me. (Laughter.)
15 I'll try to make this as painless as possible.

16 As Mr. Renaud mentioned I am the staff
17 project manager for the Hydrogen Energy California
18 Project. And essentially my role is to facilitate
19 the licensing process. To work with the applicant
20 and to work with the siting committee.

21 I work with a team of 15 scientists and
22 environmental professionals who are experienced in
23 air quality, noise, transportation, et cetera.
24 They are very good at what they do and they will
25 do a thorough analysis of this application.

1 So what I would like to do tonight is to
2 give you an overview of the licensing process. Go
3 over the staff issues ID report information and
4 staff's proposed project schedule. The post-
5 licensing process compliance information as well.
6 Next slide, please.

7 As Mr. Renaud mentioned, the power plant
8 -- the Energy Commission is responsible for
9 licensing power plants 50 megawatts or greater.
10 The Energy Commission also has jurisdiction over
11 the project.

12 The Energy Commission also has sole
13 responsibility for the California Environmental
14 Quality Act environmental process of the project.

15 The Commission's role actually will
16 extend not only to the project on site but also to
17 the off site facilities such as electrical
18 transmission lines, water supply pipelines,
19 natural gas pipelines, et cetera. Next slide,
20 please.

21 There are many facets of the licensing
22 process but to make it really simple there are
23 really three key aspects: there's the data
24 adequacy part, the staff discovery and analyses
25 part the Committee evidentiary hearing and

1 decision part.

2 Now the data adequacy part is where --
3 we just completed that. Where we reviewed the
4 Application for Certification to make sure that it
5 met the minimum critical requirements to do more
6 analysis. This is also where the beginning of the
7 review process starts.

8 So the next phase of our process will be
9 the staff discovery and analysis phase. and that
10 consists of data requests, issues identification,
11 public workshops, Preliminary and Final Staff
12 Assessments.

13 Now the data request really is a way in
14 which the staff is able to ascertain more
15 information about the project by providing data
16 requests to the applicant and the applicant
17 responds answering various disciplines.

18 We also will have workshops during the
19 staff discovery and analysis process. Workshops
20 that will be open to the public and that most
21 likely will be held here in Tupman.

22 Now during the staff discovery and
23 analysis process the staff is responsible for
24 preparing two environmental documents, a
25 Preliminary and Final Staff Assessment. And as a

1 matter of fact as a result of preparing these
2 documents we will hold workshops to discuss these
3 respective documents.

4 The Committee evidentiary hearing and
5 decision process. That is after the Final Staff
6 Assessment is prepared. And the evidentiary
7 hearing on the FSA and other information.

8 There is also the Presiding Member's
9 Proposed Decision and the PMPD hearing and
10 Commission decision. Next slide, please.

11 This slide presents the discovery and
12 analysis process, the breakdown. It essentially
13 includes the intervenors, the public, the
14 applicant, the local state and federal agencies.
15 The staff is responsible for obtaining input from
16 these various entities regarding the project.
17 Next slide, please.

18 A little further into the discovery and
19 analysis process. We want to determine if the
20 proposal complies with laws, ordinances,
21 regulations and standards. You will hear that
22 term a lot, that acronym, LORS.

23 We also will conduct an independent
24 engineering and environmental analysis of the
25 project where we will identify issues, evaluate

1 alternatives, identify mitigation measures,
2 recommend conditions of certification if
3 applicable.

4 We also will facilitate public and
5 agency participation.

6 And as I just mentioned earlier, we will
7 produce a Preliminary Staff Assessment and a Final
8 Staff Assessment during this process. Next slide,
9 please.

10 This slide just points out the
11 evidentiary hearing and decision process, the
12 flow. And I believe actually Mr. Renaud will talk
13 more about this process.

14 HEARING OFFICER RENAUD: Thank you,
15 thank you, Rod. Yes, this is the time when the
16 process becomes more like court. You heard
17 Commissioner Boyd talk about wearing his black
18 judicial robe. Well that's when that takes place.
19 We don't actually wear black judicial robes but we
20 do conduct a proceeding that is very much like
21 court.

22 And the scientists who have been
23 reviewing the project come in and testify as do
24 experts on behalf of the applicant. Anybody who
25 has intervened in the project can also bring in

1 testimony and evidence. It provides an
2 opportunity for cross examination of the testimony
3 for everybody to thoroughly review and question
4 the documents and other evidence. And of course,
5 as always, for members of the public to
6 participate and comment.

7 The outcome of that evidentiary hearing
8 process is a record consisting of a transcript,
9 which can be many hundreds of pages long, and
10 boxes and boxes of documents that constitute the
11 evidentiary record.

12 A proposed decision either granting or
13 denying the license is then prepared by the
14 Committee, Commissioners Boyd and Byron. And
15 ultimately that goes before the full five member
16 Energy Commission for a final decision as to
17 whether or not the project will be licensed.

18 As I indicated earlier, during the
19 evidentiary hearing process all of the materials
20 in the record that pertain to the analysis of the
21 project come in as evidence presented by the
22 parties. Those deal with the various scientific
23 disciplines that are analyzed under CEQA, the
24 project's compliance with LORS and recommended
25 conditions of certification which are requirements

1 that would ensure the project's compliance with
2 the LORS and to ensure that any potential adverse
3 impacts would be fully mitigated.

4 The Energy Commission also in the event
5 the license is granted takes over monitoring and
6 compliance with all of the conditions of
7 certification throughout the life of the project.
8 Next slide. Back to you, Rod.

9 MR. JONES: Thank you.

10 In conducting our analysis of the
11 Application for Certification it is very important
12 to get input from various interested parties. And
13 so this slide presents the local, state and
14 federal agencies that staff will eventually work
15 with or have been working with regarding the
16 project.

17 For example, under the local level we
18 have listed Kern County Planning Department, the
19 San Joaquin Valley Air Pollution Control District.
20 And then of course the state level. We mention
21 here the California Department of Fish and Game,
22 the West Kern Water District. And then on the
23 federal level, the US Fish and Wildlife Service
24 and the US Army Corps of Engineers.

25 It is imperative that we receive input

1 from these entities. They will essentially help
2 staff determine the environmental impacts,
3 identify mitigation measures for the project, and
4 play a crucial role in the overall licensing
5 process. Next slide, please.

6 Public participation is of course very
7 important. As I mentioned, in the process we will
8 hold various workshops. We are required to notice
9 workshops ten days in advance to allow people the
10 opportunity to participate if they so choose.

11 We also provide opportunity for people
12 to sign up for project information such as the
13 project mailing list.

14 We also have the documents dispersed at
15 the various local libraries listed here, the Beale
16 Memorial Library, Taft Branch, Tehachapi Branch,
17 et cetera. Next slide, please.

18 The Energy Commission library is a
19 source of information for environmental-related
20 policy issues, et cetera.

21 There is also the project web site. You
22 have seen this information before. This is really
23 a good way to keep tabs on the progress of the
24 project. If you choose not to be an intervenor or
25 you do not necessarily want to sign up on the

1 service list this is a good way to really check in
2 on the status of the project. Key documents are
3 posted there as it pertains to the project.

4 We also have a docket unit that will
5 assist the public in providing information on the
6 project. Next slide, please.

7 We have the HECA project contacts,
8 Commission and applicant. I am accessible and so
9 are all of us. Please keep this information close
10 at hand in the event you have questions or
11 concerns about the project, whether you want to
12 contact the applicant or the Commission or staff.
13 Next slide, please.

14 In this part of the presentation I'll
15 talk about the Issues Identification Report. And
16 this is the part of the project that really kind
17 of sets the tone for the project. Where staff
18 looks at potential issues that may impact the
19 application.

20 And really the purpose is to inform
21 participants of potential issues. And it really
22 happens at the early part of the process. Next
23 slide, please.

24 So we have identified several potential
25 issues that may -- that currently impact the

1 project, air quality, efficiency and water
2 resources. And when I say impact I am not saying
3 that to be very negative. I am just saying these
4 are issues that we feel that are worth at least
5 exploring and making known. And so therefore we
6 have prepared an Issues Identification Report.

7 Under air quality we talk about emission
8 offsets and secondary emission impacts.

9 This project will definitely require
10 emission offsets and so staff will look at this
11 diligently, evaluate the air quality section of
12 the project.

13 And as we discussed earlier there will
14 be truck and train trips that will be carrying
15 petroleum coke to the facility. And so staff will
16 evaluate that and come to this impact on
17 emissions. Next slide, please.

18 We also talked about greenhouse gas
19 emission impacts. The staff will have to prepare
20 a greenhouse gas analysis for this. Our concern
21 is that, you know, there is a number of traffic
22 situations that will have to be evaluated. We
23 definitely will have to look at the petroleum coke
24 and coal as well. Next slide, please.

25 Efficiency is another potential issue as

1 it pertains to solid fuel and other feedstocks.
2 So staff will also look at this as well in its
3 analysis. Next slide, please.

4 Potential issues under water resources.
5 As the applicant mentioned they will be supplied
6 brackish brown water from the Buena Vista Water
7 Storage District. This will obviously be a
8 positive in terms of providing a good source of
9 water for the project.

10 However, because of this type of
11 operation the Buena Vista Water District is
12 undergoing an Environmental Impact Report on this
13 process. So our concern is will this impact our
14 ability to do our analysis while we are waiting
15 for the Environmental Impact Report to be
16 completed. So that may be a potential issue that
17 we have to strongly look at. Next slide, please.

18 This is the proposed schedule. All
19 projects are required to have a proposed schedule.
20 Just going down the list here. If you go to
21 number four, that's kind of where we are today.
22 The site visit and we are currently undergoing the
23 informational hearing.

24 Now this proposed schedule is subject to
25 change but it tries to accomplish the 12 month

1 licensing review process that is a requirement of
2 the Commission.

3 So one of the next steps that we will be
4 faced with after this evening is that staff will
5 be preparing their requests for the applicant in
6 which we will have questions pertaining to air
7 quality, biology, other disciplines. We will
8 provide that information to the applicant. The
9 applicant will have 30 days in which to respond
10 and then staff will evaluate the information.

11 All this is really helpful in terms of
12 allowing staff to not only learn more about the
13 project but also to determine where the project
14 really is in terms of an environmental option.
15 Next slide, please.

16 So the proposed schedule Really the
17 importance of the proposed schedule is that it
18 will allow for us to track the project. It's a
19 good way to go through the process and to assure
20 ourselves that we are following all the various
21 steps required.

22 We of course will have to resolve the
23 issues that I mentioned previously, air quality,
24 inefficiency, water resources. There also could
25 be other issues that come about as well.

1 One problem that we are sort of faced
2 with at the Commission is that we have seen an
3 exorbitant amount of applications. Essentially
4 there are about 32 applications that are
5 currently on file, which is about five times more
6 than the typical volume. So there will be some
7 times where it might be very hard to meet some of
8 our responsibilities. But we certainly will try
9 to assist the applicant in a timely and efficient
10 manner, realizing that we do have other projects
11 that we have to be committed to as well. Next
12 slide, please.

13 So the Commission is here to watch the
14 project from start to finish. Assuming that the
15 project is approved for a license there is a post-
16 licensing project compliance oversight process in
17 which it leaves the siting department and now it
18 is under compliance. And so the compliance
19 manager will be responsible for monitoring the
20 project during construction, et cetera.

21 And that completes my presentation,
22 thank you.

23 HEARING OFFICER RENAUD: Great, thank
24 you, thank you, Mr. Jones.

25 The Committee issues a number of orders

1 throughout the process and one of the first ones
2 will be a scheduling order, which will turn that
3 proposed schedule into a requirement by the
4 Committee to meet the schedule, subject to delays
5 and so on that are unavoidable down the road. let
6 me just ask representatives of the applicant if
7 you have looked at that schedule and see anything
8 glaringly unreasonable about it before we turn it
9 into a scheduling order?

10 MR. CARROLL: No, we haven't. The
11 applicant would hope that we could stick to that
12 schedule as much as possible.

13 HEARING OFFICER RENAUD: We will do our
14 best. Let's see. Now, Mr. Skannal, are you still
15 around? Yes, there you are. I know you wanted to
16 respond about the Issues Identification.

17 MR. SKANNAL: Yes.

18 HEARING OFFICER RENAUD: Do you still
19 want to do that?

20 MR. SKANNAL: Yes sir.

21 HEARING OFFICER RENAUD: All right, why
22 don't you go ahead. And then we will open the
23 mics up for public comment and questions.

24 MR. SKANNAL: Thank you again for
25 letting me come back. I did want to point out

1 that Commissioner Byron had challenged us at the
2 Business Meeting where the application was deemed
3 adequate that we be responsive and work with the
4 staff. I want to state for the record that we
5 continue to hold that commitment and we will do
6 all we can to be very responsive, not only to the
7 staff but to intervenors and anyone else that is
8 involved in the process.

9 Mr. Jones had talked about the three
10 areas of major issues and I just wanted to share
11 where the project is and the things that are
12 underway. And share with not only the staff but
13 with the public that is here what we are doing to
14 make sure that we are addressing those issues.

15 And so Mr. Jones had talked about the
16 air quality and emissions, in particular emission
17 offsets. We clearly acknowledge that we have to
18 provide those emission offsets. We will use every
19 method that is available to us to obtain those
20 emission offsets including purchasing from
21 emission credit holders and opportunities to
22 produce them for the project. So we will look at
23 all those methods.

24 Regarding the secondary emission
25 impacts. It is an area that is in our AFC. So if

1 anyone wants to look at the trucks and how those
2 trucks were assessed you can look at our AFC
3 Application for Certification where we look at the
4 emissions as well as the truck traffic and all
5 that is associated with the trucks.

6 And I do want to remind not only staff
7 but everyone. The trucks that we are talking
8 about are currently existing. They are currently
9 taking the petroleum coke to the ports. And so in
10 that analysis we definitely want to make sure that
11 that is in part of the deliberative process. That
12 we are not talking about creating new trucks or
13 new entities there but utilizing what is already
14 in place.

15 The second point I wanted to make again
16 in that vein is we are requesting any vendor that
17 works on our project to make sure that their
18 vehicles that they use for supplying the petroleum
19 coke and coal to our project will meet the 2010
20 emission standards for heavy duty engines.

21 And so what does that mean? It means
22 that any truck that works on our behalf will meet
23 those standards. And the way it is set up is an
24 entity can use a truck that doesn't meet those
25 standards until it goes out of service. And what

1 we are saying is, we will not do that. We will
2 not use a truck that does not meet the 2010
3 emission standards to address part of the emission
4 issue.

5 And then, and then also I want to
6 reiterate again regarding the coal. Again, coal
7 is currently brought in to the state of California
8 so we were looking at using that existing
9 facility. So we would hope that any net increase
10 from our operations would be part of that
11 consideration.

12 Greenhouse gas emissions. Clearly this
13 project is about addressing greenhouse gas so we
14 really look forward to that discussion and the
15 things that we are doing around greenhouse gas.
16 The two million tons per year of CO2 that we will
17 be pulling out of the atmosphere. And really the
18 commercialization of the technology that will be
19 applicable to not only our project but other
20 opportunities.

21 And then Mr. Jones had talked about the
22 efficiency. Again, HECA would hope that you would
23 look at the environmental benefit of the whole of
24 the project. In that assessment in particular,
25 again, around the proposed technology and the CO2

1 emissions. And again, taking into account that
2 the trucks are currently in existence and it is
3 just redirecting them from the ports to our plant.

4 And then the last point I did want to
5 say a few words on was the water resources.
6 Mr. Jones talked about Buena Vista doing a
7 project. And so I just want this audience to
8 know, we are one part of their total project. The
9 Buena Vista District is actually developing an
10 Environmental Impact Report for the whole of their
11 project. I believe it's four components and we
12 are one of the four.

13 On top of that we as part of our AFC
14 have also done our own evaluation of the
15 groundwater resource that is part of the AFC. And
16 so with the -- it is my understanding that shortly
17 the Buena Vista Water Storage District's
18 Environmental Impact Report will be available. So
19 if any of you are interested in getting that and
20 reviewing it and commenting on it, my
21 understanding is that will be publicly made
22 available so you can look at that. So not only is
23 Buena Vista doing their review but we also are
24 doing it in conjunction with the CEC to address
25 the groundwater.

1 So with the report coming out shortly, I
2 understand sometime this September. It is our
3 belief that from the schedule Mr. Jones had put up
4 we think we'll still be pretty closely aligned in
5 their Environmental Report, going through its
6 process and then our CEC process. So we feel
7 pretty good that those are pretty aligned.

8 So thank you very much.

9 HEARING OFFICER RENAUD: Thank you. Any
10 questions or comments, Commissioners?

11 ASSOCIATE MEMBER BYRON: Yes, if I may.

12 HEARING OFFICER RENAUD: Please.

13 ASSOCIATE MEMBER BYRON: Thank you.

14 I appreciate the applicant going through
15 and explaining earlier on in their presentation
16 about the greenhouse gas reduction requirements
17 that are actually now part of state law. It was
18 three years ago, I believe, this month, that the
19 Legislature passed and the Governor signed into
20 law, the goals for California to reduce greenhouse
21 gases. And I appreciate your going through and
22 explaining that.

23 Also yesterday the Governor signed into
24 law -- I'm sorry, he signed an Executive Order to
25 take this state to 33 percent renewables by 2020.

1 These are extraordinary goals. And I think you'll
2 find that both Commissioner Boyd and myself, and
3 all the Commissioners actually, are very
4 interested in this technology. We are intrigued
5 by it. It's a unique project technically because
6 it reduces -- I'm sorry, it makes hydrogen and it
7 sequesters carbon dioxide.

8 But as everyone has indicated, it still
9 must meet all the requirements of the California
10 Environmental Quality Act. We will not be cutting
11 it any slack in that regard. And so please don't
12 confuse our interest in the technology with any
13 special treatment or the notion of any special
14 treatment for the evaluation of this project. If
15 anything I suspect the project will receive more
16 scrutiny because it is a new technology and a new
17 concept.

18 I had a list of questions. And
19 Commissioner Boyd if it's all right. I waited and
20 got answers to most of them but I have two I'd
21 just like to ask if the applicant might be able to
22 answer. Maybe three.

23 Since the application was found data
24 adequate by this Commission I read that you are
25 dropping the 100 megawatt steam turbine. And I

1 would like to ask if you would be willing to
2 indicate why that's the case? I'm sorry, the 100
3 megawatt gas-fired turbine.

4 MR. SKANNAL: Part of the reason we had
5 decided to remove that auxiliary turbine was we
6 were looking at ensuring that our plant did not
7 have a particulate matter 2.5 issue. And so part
8 of what we have looked at because the turbine is a
9 combustion turbine, generally the 2.5 particulate
10 matter or PM 2.5 as it's referred to, comes from
11 combustion. And so in an effort to ensure that
12 the project did not exceed the threshold for PM
13 2.5 we looked at ways in which we could ensure the
14 project did not exceed that threshold. One way of
15 don't that was to actually remove that auxiliary
16 combustion turbine.

17 ASSOCIATE MEMBER BYRON: Okay, fair
18 enough. And I'm sure we'll get into that in more
19 detail as the project proceeds.

20 Also I know that the PUC, the Public
21 Utilities Commission recently approved some matter
22 associated with this project. I suppose I can go
23 back and read the news. But I was hoping you
24 would disclose to us what it was that they
25 approved.

1 MR. SKANNAL: I guess I would like to
2 ask Tiffany Rau if she could address that.

3 MS. RAU: Thanks, Greg, yes. In
4 February the PUC endorsed Southern California
5 Edison's request to fund up to \$30 million for a
6 feasibility study to assess their potential
7 participation in the project in the long run. So
8 the decision was an endorsement of the \$30 million
9 coupled with an order for them to pay up to \$17
10 million, or a total of \$17 million for a series of
11 deliverables that had been included in SCE's
12 request. And then currently they have an
13 application pending in front of the PUC to approve
14 rate recovery for those expenditures.

15 ASSOCIATE MEMBER BYRON: Ms. Rau, thank
16 you, I didn't realize that. So is there a power
17 purchase agreement for this project as well?

18 MS. RAU: At this point there is not.

19 ASSOCIATE MEMBER BYRON: Okay. My last
20 question is, Mr. Skannal mentioned this a couple
21 of times on the bus ride as we were going out,
22 that the land had not been purchased yet. Do you
23 have site control for this land?

24 MR. SKANNAL: We do have an executed
25 option for the property that meets the need for

1 site control.

2 ASSOCIATE MEMBER BYRON: Okay, thank
3 you. I'm just very curious about some of these
4 things and I appreciate the answers. You will
5 probably not be hearing from this Commissioner
6 until we get to the evidentiary part of our
7 proceeding. And I look forward to the public's
8 participation and the comments they have later on
9 today as well.

10 HEARING OFFICER RENAUD: All right,
11 thank you. Let's proceed now to our public
12 comment portion. We have two microphones up here
13 near the front and there's also -- Tiffany, I
14 believe, you have a loose one. I think if you
15 want to speak, ask questions, make a comment,
16 whatever, just come right up. And if there are a
17 number of you just form a line. Or if you want to
18 raise your hand a microphone can be brought to you
19 as well. One thing we would ask is that you state
20 your name. And if your name is hard to spell,
21 spell your name for the record. Thank you.

22 PRESIDING MEMBER BOYD: And any
23 organization you are representing.

24 HEARING OFFICER RENAUD: Yes, and any
25 organization you are representing, thank you.

1 MR. FRANZ: Tom Franz from Shafter,
2 about ten miles from here as the crow flies. I am
3 head of the Association of Irrigated Residents, a
4 San Joaquin Valley group advocating for better air
5 quality, since we live in one of the worst regions
6 in the US for air quality.

7 HEARING OFFICER RENAUD: And your
8 organization has intervened in this matter, as I
9 understand it, am I right? Or not yet? No, I
10 think you did.

11 MR. FRANZ: We are officially
12 recognized.

13 HEARING OFFICER RENAUD: You are, yes.

14 MR. FRANZ: But since I wasn't asked to
15 sit up here I'm just a member of the public right
16 now.

17 HEARING OFFICER RENAUD: Well the
18 organization is an intervenor. I just want to let
19 everyone know we already have one.

20 MR. FRANZ: All right.

21 HEARING OFFICER RENAUD: Okay, thanks.

22 MR. FRANZ: And I have a quick question,
23 maybe. Because I wasn't aware that the natural
24 gas part was removed from the application. How
25 much PM 2.5 does that remove? Because I have you

1 down for about 129 tons. Is there any way to --
2 per year. Is there any way to -- Is that 129 tons
3 all due to that natural gas part of the plant?

4 MR. CARROLL: I believe we'll have Mark
5 Strehlow, who is our air quality expert from URS,
6 respond to your question.

7 MR. STREHLOW: I'm Mark Strehlow, I'm a
8 registered professional chemical engineer in the
9 state of California and elsewhere. I work for URS
10 Corporation in Oakland and I was the air quality
11 technical lead.

12 I think in response to the question, the
13 PM 2.5 contribution from the auxiliary combustion
14 turbine generator was about 12 or 13 tons per
15 year. And that is in the -- it is in the AFC. If
16 you want I can --

17 MR. FRANZ: No, that's fine.

18 MR. STREHLOW: Okay.

19 MR. FRANZ: So now you are at 116 tons
20 of PM 2.5 annually plus mobile emissions of
21 another five tons. Okay, thank you. That's
22 according to the AFC that I read.

23 This project is ridiculous. And even
24 comments of the gentleman, Mr. Caan. Your name?

25 MR. SKANNAL: Me, sir?

1 MR. FRANZ: What's your name?

2 MR. SKANNAL: Skannal, sir.

3 MR. FRANZ: Skannal?

4 MR. SKANNAL: Skannal. S-K-A-N-N-A-L.

5 MR. FRANZ: Skannal, thank you. I
6 didn't hear your name properly, I have a cold.
7 Okay. You said something about this project, the
8 carbon capture from this project would be
9 equivalent to taking 500,000 cars off the road.
10 Well that's the two million tons you claim to
11 capture. But the 200,000 tons you are not
12 capturing is putting 50,000 cars on the road. So
13 there's two sides to the coin there.

14 You also said, you know, because of AB
15 32. I'm glad you brought that up as one of the
16 key reasons for this project coming into
17 existence. I'm quite familiar with AB 32. And
18 you said even, you know, because of AB 32, natural
19 gas plants would have to be retired.

20 Actually Commissioner Byron is on the
21 Avenal plant, the natural gas plant proposal.
22 That plant per unit of energy actually has lower
23 CO2 emissions than what you are going to release
24 into the air per unit of energy. They are only
25 releasing, according to my calculations, less than

1 300 pounds per kilowatt hour and you are over 300
2 pounds per kilowatt hour. So if they have to be
3 retired because they are fossil fuel you will have
4 to be retired also if we are going to solve our
5 global warming problem.

6 You know, we have about 175 megawatts of
7 coal in California right now. I see the train
8 every week come into Wasco, the coal train that
9 goes to three nearby cogeneration plants. There's
10 some that goes out to the desert and maybe some
11 even goes as far as Stockton. But it's under 200
12 megawatts total.

13 You are probably going to add another
14 trainload of coal, 110 cars at least every two
15 weeks. It's hard to know what percent you will
16 really be using. I find it hard to believe Rio
17 Tinto is part of your project if you are not going
18 to be using an awful lot of coal that they mine.

19 Anyway, I want to go -- since I am an
20 intervenor here I do have some extended comments
21 to make. I think this project is ridiculous,
22 that's my position. It is going to pollute our
23 air tremendously.

24 It is going to produce, counting ammonia
25 emissions, which our air district incorrectly says

1 does not have to be mitigated. It is going to
2 produce over 720 tons of NOx, VOC, SOx, PM 10 and
3 PM 2.5 and ammonia every year. We can't afford
4 that, even with emission reduction credits.

5 We can't afford that added to our burden
6 of air pollution. A lot of the NOx and ammonia
7 will add to our PM 2.5 problem in the winter with
8 ammonium nitrate formation. And it's a fact that
9 our ammonium nitrate, our PM 2.5 winter problem,
10 has been increasing the last five years. So
11 technically if our air district would look at it
12 correctly they are not making reasonable further
13 progress towards their goal of reaching the
14 standard, the federal standard for PM 2.5.

15 So you can't, you are not even allowed
16 to use emission reduction credits if there is no
17 reasonable further progress being made in cleaning
18 up our air. So there is no way for you to
19 mitigate that PM 2.5 you are going to add, no
20 valid way in my opinion. There's going to be
21 technicalities here because everyone knows our air
22 district, just like Mr. Watson who was here,
23 supervisor, and Mayor Hall, they want tax dollars.

24 And that's who sits on our air district
25 board. So they will do everything possible to

1 give you a permit and to give you those old
2 emission reduction credits that are worthless.
3 And those SOx emission reduction credits from 20
4 years ago that will be traded for this PM 10 and
5 PM 2.5 at a ridiculous one-to-one ratio. That is
6 insane that anybody thinks that would not make our
7 air quality worse here.

8 Now you are going to be producing close
9 to two and a half tons of pollutant per megawatt.
10 The Avenal gas plant, which of course is state of
11 the art and modern, only produces about half a ton
12 per megawatt of pollution, criteria air
13 pollutants. So if we had to pick we'd pick the
14 Avenal plant that doesn't have carbon capture
15 because it's much better for our air quality, five
16 times better for the energy we're getting.

17 We don't want the Avenal plant in this
18 valley, we don't want it. We don't want you guys
19 either bringing pet coke from Southern California.
20 We get all of Southern California's sewage sludge
21 just a few miles from this way, a few more miles
22 that way. It all comes to Kern County. Now we
23 are getting all of the other sludge that is
24 produced from the damn refineries, when we are
25 trying to get off of fossil fuel. We don't want

1 the pet coke coming up here and all the truck
2 traffic.

3 And you get 300 million from DOE. Why
4 doesn't that go to wind and solar that we really
5 need to promote?

6 AB 32 says very strongly that there
7 should be no backsliding in pollution levels while
8 we go about the difficult task of reducing
9 greenhouse gas emissions. The language is clear,
10 the AB 32 language. Ensure that activities
11 undertaken pursuant to the regulations complement
12 and do not interfere with efforts to achieve and
13 maintain federal and state ambient air quality
14 standards. And to reduce toxic air contaminant
15 emissions.

16 This is stated in two other places in
17 the language of AB 32. That you can't make
18 someone's air pollution worse. Yet this project
19 will. Seven hundred and 20 more tons annually.

20 The air district is fighting restaurants
21 right now on the PM 2.5 issue, the char-broilers.
22 They want a char-broiler rule. If you are going
23 to burn meat and cause PM 2.5 emissions you have
24 got to put in expensive filters and gas traps and
25 all of that, up to \$100,000 per restaurant. It's

1 going to cost restaurants millions of dollars.
2 They are going to get 79 tons of PM 2.5 annual
3 reductions from this rule. That will cost
4 restaurants millions of dollars and cause us to
5 spend more money for our burnt meat.

6 Now this project is putting out -- now
7 it's 13 tons less, 136 minus 13 tons of PM 2.5
8 directly. NOx emissions and ammonia emissions,
9 that will also add another 100 tons to our PM 2.5
10 problem. So why are we messing around causing all
11 our restaurants to reduce their emissions by 75
12 tons and costing millions of dollars?

13 We are getting screwed royally with the
14 move to reduce greenhouse gas emissions here in
15 this valley because we are getting biomass plants
16 proposed all over the place also. And those
17 pollute our air probably worse than your project.

18 A little bit more. You re going to
19 capture the CO2 90 percent, two million tons, and
20 send it to Occidental so they can get more oil out
21 of the ground. It's kind of ironic, isn't it,
22 when we are trying to reduce greenhouse gas
23 emissions. That we are going to give them the
24 opportunity. I don't know if they are going to
25 buy it. They'll probably pay you a little

1 something for it.

2 And then you are going to expect them --
3 the AFC says that most -- I don't know what, most,
4 means. Most of the CO2 will come back up with the
5 enhanced oil recovery. Does that mean 51 percent
6 or 99 percent? I don't know.

7 That means Occidental is under the gun
8 to capture, recapture, reclean, repressurize,
9 reinject every bit of that if there is any hope
10 there will ever be any sequestration. When they
11 can't get any more oil out what's the incentive
12 for them to pump it back into the ground?
13 Especially if most of it comes back up each time
14 they do with the oil. I hope somebody is going to
15 calculate that out for us because maybe the DOE
16 will withdraw their 300 million when the truth
17 comes out.

18 We saw the valuable farmland. A
19 gentleman behind me said, this is good farmland.
20 He used to work it. I'm a farmer myself. I have
21 acreage over by Shafter and Wasco. I don't
22 actively farm, I rent it out to my brother.

23 But anyway, you talk about the brackish
24 groundwater. Well, I'm not sure what is going on
25 there. Five thousand acre feet of brackish ground

1 water from underneath the farms around here. I
2 understand that a lot of farmers pump that water
3 and mix it with state aqueduct water and they can
4 still use it. So it's not -- I know it's got salt
5 in it but what does brackish mean, you know. It's
6 not near as brackish as the water the oil
7 companies are putting into the ground. And you
8 are claiming your project is maybe to help clean
9 up that water.

10 But when you pump water out of the
11 ground it comes i from all directions, the good
12 water from the east and the bad water from the
13 west. So I am not sure how pumping water up makes
14 the water better. But Buena Vista water may be --
15 maybe they are being paid so much money they are
16 willing to rationalize that for us.

17 You should be using the water that is
18 recovered when the oil comes up, that's brackish
19 water. You've just got to filter it. Get the
20 VOCs out of it so they don't go up into our air as
21 that water evaporates. Use that water.

22 There's about 800 acres of ponds of
23 water as you go down Highway 33 evaporating VOCs
24 and other crap into our air as the oil fields get
25 off cheap by being allowed to evaporate all that

1 produced water. And you guys are going to take
2 5,000 acre feet out of the ground.

3 Well, I'll be making a lot of data
4 requests in the future.

5 Those are my comments for now.

6 HEARING OFFICER RENAUD: Thank you very
7 much.

8 Does anyone else wish to comment?

9 Yes sir, please state your name and
10 organization, if any.

11 MR. ANTONGIOVANNI: My name is Beau
12 Antongiovanni. I'm a farmer here in the local
13 area. First I would like to thank you all for
14 showing up and giving us a chance to talk to you
15 guys and understand what's going on.

16 Originally I was thinking that, you
17 know, it is an exciting project and that you guys
18 are going to do a lot of good with energy use and
19 all that. And I'm going to continue on with my
20 concerns under that assumption.

21 Commissioner Byron had a question about
22 making sure that you had secured the area where
23 you want to do the plant so that they could
24 proceed with the process. And you have worked
25 with the water district to secure the water in

1 some form with the process. And I would like to
2 know if you have worked with any of the property
3 owners that would be influenced by your pipeline
4 or your power lines at this point?

5 MR. SKANNAL: First of all we have got a
6 projected route that was put into the Application
7 for Certification, the AFC. We are now currently
8 aggressively working with the landowners along
9 those proposed routes. That work has been kicked
10 off and is underway.

11 MR. ANTONGIOVANNI: What do you mean by,
12 kicked off?

13 MR. SKANNAL: We are actually coming out
14 and knocking on doors and talking to the
15 landowners.

16 MR. ANTONGIOVANNI: How many landowners
17 have you knocked on the doors of to talk to?

18 MR. SKANNAL: I don't know the number
19 off the top of my head. That's something I can
20 get and find out, if you leave your information,
21 and get back with you on it.

22 MR. ANTONGIOVANNI: I happen to know all
23 of the landowners on one of the proposed routes
24 and no one has had their door knocked on.

25 MR. SKANNAL: They will shortly.

1 MR. ANTONGIOVANNI: So if you guys can't
2 proceed with your portion of the proceedings
3 without knowing that that land is secure how can
4 the project proceed without knowing that routes
5 for the power lines and the water lines are
6 secured?

7 MR. SKANNAL: Was that a question to me?

8 MR. ANTONGIOVANNI: Well, I'm actually
9 not sure. It's a question to everybody. If
10 anybody can answer it I'm happy to hear an answer.

11 MR. SKANNAL: I will answer it first. I
12 would say that is part of the process that we are
13 going through, which is first of all is
14 identifying routes, linears. It's also
15 identifying property owners.

16 It's also the process of securing those
17 routes. Once we secure routes, understanding the
18 impact, environmental impacts of those routes and
19 impacts on people. So that is the process that we
20 are currently starting.

21 As we said, the application has been
22 deemed data adequate and we are continuing. It's
23 a process that is continuing. So landowners will
24 be contacted. If you haven't been contacted yet
25 you will be contacted. We will discuss with you

1 what is our proposed linear that would come
2 through your property, what would be its potential
3 impact on your land.

4 And it would be a discussion with you
5 on, first of all, are you interested. Secondly,
6 helping you understand what is the impact so that
7 you can decide, yes, I am willing to work with
8 you, or no, I am not interested.

9 MR. ANTONGIOVANNI: And if you don't
10 find that all the landowners along a proposed site
11 are interested are you then -- I'm assuming that
12 you can't use that route.

13 MR. SKANNAL: We will look at alternate
14 routes.

15 MR. ANTONGIOVANNI: And would you be
16 willing to state today that you are not using
17 eminent domain in any way to force those lines
18 across our property if we don't want them?

19 MR. SKANNAL: I don't have any authority
20 at this time for eminent domain.

21 MR. ANTONGIOVANNI: Is there anybody in
22 the room? This is your project. Or you don't
23 have any authority to do that?

24 MR. SKANNAL: I don't have authority.

25 MR. ANTONGIOVANNI: So is eminent

1 domain, is that possible if the project goes
2 through? Or would you guys be willing to state
3 that nobody will use eminent domain?

4 HEARING OFFICER RENAUD: This is our
5 staff counsel.

6 MS. De CARLO: Hi, Lisa De Carlo. As
7 far as I understand the Energy Commission does not
8 have authority to impose eminent domain for a
9 private project such as this.

10 MR. ANTONGIOVANNI: Okay.

11 PRESIDING MEMBER BOYD: I have been a
12 commissioner almost eight years and there has
13 never been eminent domain involved.

14 And to elaborate a little bit for you,
15 the project can't be built until it has a license.
16 And you heard tonight the license process takes at
17 least a year. So in that intervening time the
18 applicant is going to be doing all the things they
19 have talked about in terms of lining up all the
20 other, I'll call them loose ends for lack of a
21 better word. But all the other arrangements that
22 have to be made. So there's plenty of time for
23 you to hear from them or for them to contact folks
24 that they have to deal with.

25 MR. ANTONGIOVANNI: And I would like one

1 more comment about that beautiful farmland that we
2 saw when we were driving out there. You know, not
3 only is that the farmland that we are all working
4 hard to use to grow food and fiber for clothing
5 and all that so that all of us can, you know,
6 enjoy the benefits of the electricity and
7 everything else, But it is actually very unique
8 farm ground here.

9 The farm ground that we drove out
10 through is actually some of the oldest actively
11 farmed ground here in this portion of the valley.
12 is a very unique environment. And one reason that
13 that's the case is that a large portion -- I don't
14 want to be quoted as saying the majority -- most
15 of the water that we use flows naturally down here
16 through the watershed to where we are. We are not
17 very reliant on the California Aqueduct. And we
18 may able to, you know, say that we are -- well, we
19 are not very reliant on it.

20 And so Commissioner Boyd was commenting
21 earlier about the difference between coke and coal
22 and how coke is a more efficient use of the energy
23 because -- the best way to save energy to limit
24 the greenhouse gases is that we act more
25 efficiently as a community, as a state.

1 And so every time that a new power line
2 or a new water line goes across this portion of
3 the district we are also adding to that problem of
4 having to get water from the north to the south.
5 Because this district does one of the best jobs of
6 operating off of our own resources from our own
7 watershed.

8 And I would like you guys to consider
9 that in your energy, in your energy studies.
10 That, you know, it's -- sorry. That by taking
11 farmable ground out of this district it increases
12 another environmental problem where there's a huge
13 debate right now. And I have plenty of data to
14 back all that up too and I look forward to
15 hopefully getting to be an intervenor. I've got
16 to work out that process but thank you, guys.

17 MR. SKANNAL: Can I address the farmland
18 issue? Because I think it's important. Again, as
19 I had stated, for those that went on the tour, and
20 if you didn't. Part of the permitting process, as
21 I stated, was we are working with Kern County
22 Planning as well as the Department of
23 Conservation. And so there are requirements that
24 if you are taking land out it has to be replaced,
25 first of all.

1 Secondly, it has to be, it has to be
2 criteria of the land that is being replaced. And
3 so the issues you have raised, those are all part
4 of the deliberative process that we will have to
5 go through. That if it is a certain type of land,
6 what are we going to use to meet that same type of
7 land. So all of those issues are part of the
8 process and will be evaluated.

9 MR. ANTONGIOVANNI: I understand that.
10 But my point is, if less pollutants and the
11 creation of energy is our goal, and we know that
12 efficiency is one of the best ways to solve both,
13 you are going to be hard-pressed to find more
14 efficient farmland in the state than what we have.

15 Because in order to add more farmland to
16 the equation you are going to have to hold some
17 land out some land that is not being farmed, and
18 odds are it is not being farmed for a reason.
19 Because they don't have the water, you have got to
20 get the water down there, and you are going to run
21 into more environmental problems. So I think it's
22 kind of ironic --

23 MR. SKANNAL: Well there's one other,
24 there's one other piece you didn't mention too is
25 part of the process is you can put farmland in

1 perpetuity as well so it will always remain
2 farmland. Under the Williamson Act it is not
3 taken out. So that's another way of addressing
4 that so that in the future --

5 To your point, it doesn't come out of
6 the production. So there are multiple ways other
7 than, you know, assuming you have to go find some
8 other land and it will have other issues, unlike
9 the land that we are looking at. So there are
10 other ways of satisfying that long-term security.
11 And again, that will be part of the process.

12 MR. ANTONGIOVANNI: You're talking about
13 if you buy my whole farm there's some avenue for
14 me to purchase another farm somewhere else that's
15 comparable?

16 MR. SKANNAL: That's one avenue. Or if
17 you --

18 MR. ANTONGIOVANNI: I'm talking about --

19 MR. SKANNAL: If you are in, if you are
20 in the Williamson Act we would put your land, for
21 example, in the Williamson Act forever. It will
22 never be used for any other purpose. And some of
23 the land, if you are familiar with the Williamson
24 Act, it's a ten year contract. At the end of that
25 ten years if you choose not to renew that land can

1 go out farmland and you can use it for other
2 purposes. But the perpetuity does not allow that
3 to occur.

4 MR. ANTONGIOVANNI: You don't have to
5 sell me on the farmland here today because -- I
6 mean, you are here today representing clean
7 energy, a cleaner environment, more efficiency,
8 less greenhouse gases. I'm not talking about my
9 own personal rights right here.

10 MR. SKANNAL: Right.

11 MR. ANTONGIOVANNI: I'm talking about
12 that land out there is -- if you did a study on
13 the efficiency of land use in California, and
14 they're doing it up at Davis, that's the most
15 efficient, some of the most efficient land we have
16 in our state. That cannot be replaced.

17 MR. SKANNAL: And that's why it will be
18 evaluated.

19 MR. SKANNAL: Okay, thank you.

20 HEARING OFFICER RENAUD: Next commentor?
21 Yes. State your name, please, and any
22 organization, thanks.

23 MR. EPKE: Thank you. My name is
24 Johannes Epke, that's spelled J-O-H-A-N-N-E-S,
25 last name Epke, E-P-K-E, for the record. I'm here

1 on behalf of the Center on Race, Poverty and the
2 Environment.

3 I would first like to thank the CEC and
4 HECA for the informative presentations and
5 answering all the questions that have been asked.

6 I would also like to note that like
7 several of the Commissioners and other commentors,
8 I find this project technically fascinating as
9 well. But also like the Commissioners I will not
10 let that influence -- I promise I won't give any
11 leniency, like the Commissioners, on that ground.

12 My comments today will be mostly
13 concerning the air quality impacts of the project.
14 As Mr. Franz noted, this air shed is one of the
15 most polluted in the country and HECA will
16 obviously be emitting more pollutants into the air
17 shed.

18 In addition to larger statewide concerns
19 there are obviously also regional and local
20 impacts of these air pollutants. We heard a
21 little bit of talk about NOx and SOx. Very little
22 discussion today or in the AFC about hazardous air
23 pollutants, toxic air pollutants that will be
24 associated with the project.

25 Obviously some of these can be mitigated

1 on-site rather than the purchase of offsets, which
2 seems to be the preferable alternative to HECA.
3 To that end I urge Mr. Jones and the CEC to
4 thoroughly investigate the air quality section of
5 the AFC, specifically relating to the emission
6 estimates, the BACT and layer analyses and issues
7 such as the facility's potential to emit and other
8 prevention of significant deterioration resource
9 review issues.

10 I think I'll leave my comments at that.
11 Thank you very much.

12 HEARING OFFICER RENAUD: Thank you.

13 Commentor? Yes.

14 MR. CHAPMAN: Yes. My name is Richard
15 Chapman, the president of the Kern Economic
16 Development Corporation and our mission is to
17 recruit and retain jobs for Kern County.

18 We talk about family wage jobs. And so
19 all I can talk about tonight is just economic
20 opportunity weigh-in. I think there's mention of
21 the poverty and so forth.

22 We look at the economic impact in terms
23 of, will this produce wage income for folks in the
24 region. Obviously we have some of the highest
25 unemployment rates in the country. Some regions

1 of the county have 40 percent.

2 And so looking at this \$2 billion
3 facility, capital investment is fine and well but
4 does it provide jobs. A lot of the projects we
5 work with, a lot of the renewable projects have
6 significant capital investment. However, 95
7 percent of those jobs go away once the project is
8 developed.

9 What we are impressed by this project is
10 not only does it bring 1500 construction jobs,
11 using a multiplier that's 3,000 construction jobs
12 and about \$140 million of wage income for the two
13 year or 18 month process.

14 But it brings full-time jobs. About 100
15 full-time jobs way above the family wage average
16 of about \$35,000 to \$40,000 a year. And then if
17 you factor in this type of sector would have a
18 multiplier effect of five, that would be at least
19 500 jobs in this region. And we would argue at
20 this time that these are critical jobs.

21 In addition these are companies that
22 have been critical to our economic success like
23 Rio Tinto and Boron. The Borax facility has been
24 a good corporate steward as well as Oxy. These
25 are not unknown entities to Kern County,

1 carpetbaggers if you will, that are coming in to
2 fleece the land.

3 We talk a lot about economic stimulus.
4 At this point in time our belief is this is an
5 economic driver, this project. The interest that
6 it is receiving has more than tripled the calls
7 coming in for other types of projects into Kern
8 County. And so I don't think that is a bad thing
9 in and of itself.

10 My point being again is, at this time in
11 our economic uncertainty that we feel this project
12 is a great complement and will add to diversifying
13 the regional economy. Thank you.

14 HEARING OFFICER RENAUD: Thank you.

15 Any other commentors? Yes.

16 MR. YATES: I'm a local resident here.

17 HEARING OFFICER RENAUD: Would you state
18 your name, please.

19 MR. YATES: Orbin Yates.

20 HEARING OFFICER RENAUD: Thank you.

21 MR. YATES: I have been here since 1950.

22 This is a very ugly thing that is going
23 to happen. We have one right out down the road
24 here. And when I was a young man we could drive
25 all over these hills, we could travel everywhere.

1 I'm almost certain when you get your
2 project started down there there's going to be a
3 big, chain link fence, ten foot high, barbed on
4 top, worrying about people getting in there and
5 blowing the place up or something. And this is
6 not very pretty when we have got a beautiful farm
7 down there now.

8 And I think that all that barren land,
9 like I stated earlier, could have been used. And
10 that was where they said they were going to put
11 this last year when I was informed about this
12 project. And I didn't learn any more about it
13 until just an hour or so before I went out there.

14 Coal and coke are about the dirtiest
15 materials that you will ever see. I don't know if
16 any of you have ever been around it but it's
17 nasty. And the transport of it. He laid out that
18 road. I hope to heck they don't never come
19 trucking through here, through our town.

20 And what has your company -- are they
21 going to do for our area here, our town? You
22 moved your center to Buttonwillow. I'm a resident
23 of Tupman. Everything that has gone on in the
24 last 40 years or 50 years has either been moved to
25 Bakersfield or to Buttonwillow. So I don't know.

1 Is there any possibility of Tupman benefitting
2 from this project, since we are going to have to
3 look at it? Thank you.

4 MR. SKANNAL: The short answer is, yes,
5 Tupman will benefit from the project.

6 HEARING OFFICER RENAUD: Yes, next
7 commentor, please.

8 MR. CAINE: Yes. My name is Danny Caine
9 and I am vice president of the Kern, Inyo and Mono
10 Counties Building Trades Council.

11 On behalf of the members of the council
12 I am here tonight to support the project.
13 Obviously many people have spoken about the jobs
14 that would be created, both construction and
15 permanent jobs.

16 We feel that with the Commission
17 oversight on the project, that history has shown
18 that engineering technology and responsible
19 ownership mitigate a lot of the impacts of large
20 projects like this.

21 Something else is this project
22 potentially, the technology with regards to the
23 carbon capture and sequestration, could lead to
24 just to break this thing out all over. Because as
25 they said, if these plants around here also have

1 to acquire this technology it would further lead
2 to a clean-up in the area.

3 So I think that the Commission is very
4 well capable and experienced up to the task to
5 check all these numbers and facts that were thrown
6 around here quite loosely tonight. The process is
7 a year long. These projects can be built in
8 harmony and coexist with residents to the benefit
9 of all the residents of the county. Thank you.

10 HEARING OFFICER RENAUD: Thank you.

11 Next commentor? Yes.

12 MR. LAMBOY: My name is Mark Lamboy, I'm
13 a local landowner here. I've got a couple of
14 questions. I'd just like some of the impact of
15 the facility in the neighborhood. First is, what
16 are the highest features on this facility and what
17 are they? How high are they?

18 MR. SHILEIKIS: Just a second before we
19 shock ourselves here. Sir, we just spilled some
20 water up here, excuse me.

21 My name is Dale Shileikis, I'm with URS,
22 the consultant to the applicant.

23 I can't give you an exact figure but I
24 think we are approximately looking at 150 feet.

25 MR. LAMBOY: Those would be the stacks

1 then?

2 MR. SHILEIKIS: Yes. I'm sorry, 250.
3 Sorry, it's 250. Just for the stacks. Not for
4 some of the other, some of the other structures.

5 MR. LAMBOY: A question about the
6 earthen berms on the north end. What are they for
7 and how high are those?

8 MR. SHILEIKIS: The berms are ten feet
9 and basically that's -- there's a lot of soil that
10 is moved around when building the project. And to
11 avoid off-site disposal of the soil the berms are
12 created to handle the soil.

13 MR. LAMBOY: I think when you --

14 MR. SKANNAL: I would also add, one of
15 the commentators had asked about the view and the
16 aesthetics. And part of what we will be looking
17 at too is the landscaping so as you are driving by
18 the plant you see trees and grass. So that's part
19 of what we will be looking at as well.

20 MR. LAMBOY: To block the 250 foot
21 towers?

22 MR. SKANNAL: For the plant. Now the
23 tower will be a single entity that will stand up.

24 MR. LAMBOY: When you presented at the
25 water district I think you talked about 100

1 employees and the numbers come to like 12 trucks
2 an hour, something like that. That would be 24
3 hours, 12 trucks an hour?

4 MR. SKANNAL: I don't --

5 MR. LAMBOY: You don't know those
6 numbers? Okay. I assume there will be traffic
7 lights that will come with this project. Is that
8 safe to say? Like at Stockdale and Dairy and the
9 Dairy and Adohr, that kind of thing.

10 MR. SKANNAL: I don't know if there will
11 actually be traffic lights, that's part of the
12 traffic study, again working with the CEC. Part
13 of what we have had to do is a traffic analysis.
14 And then part of the mitigation, we will look at
15 traffic lights where it's appropriate.

16 We will also look at where it makes
17 sense to put left turn lanes so that you move a
18 slow vehicle or a turning vehicle out of the way
19 of oncoming traffic. So those are some of the
20 mitigations that we will look at to make sure that
21 we preserve the safety, not only of our employees
22 but the residents around.

23 MR. LAMBOY: So are you looking to widen
24 Stockdale because of all this traffic? Because
25 that laser was going 5 to Stockdale, 5 to

1 Stockdale.

2 MR. SKANNAL: At this point I don't
3 know. That will be part of the analysis.

4 MR. LAMBOY: Okay. A question on the
5 location. Why pick southwest Buttonwillow? The
6 grid is up there. Why not join the glamorous
7 landscape there and run more pipe and less wife?
8 Have you got a comment on that?

9 MR. SKANNAL: So again, our objectives
10 when we sited it. One, there was a question. We
11 did look at siting the plant within the Oxy
12 properties. Because of a threatened and
13 endangered species, the blunt-nosed leopard
14 lizards, that site was deemed unacceptable.

15 In working with the Fish and Wildlife,
16 Fish and Game, we were asked to move north of the
17 aqueduct and also to move onto disturbed land,
18 which is less conducive for threatened and
19 endangered species. So that's why we moved from
20 south of the aqueduct, off of Oxy's property, to
21 the north.

22 Also we are looking to -- we were
23 looking to minimize as best we could, all of the
24 linears, the length of the linears. In particular
25 the CO2 pipeline that will move the CO2 into the

1 Oxy Elk Hills field. And so we did weigh length
2 of water, length of CO2, length of transmission in
3 that evaluation in picking that site. Plus trying
4 to keep it as close to the CO2 sequestration area.

5 MR. LAMBOY: So what you're saying, it's
6 cheaper to run wires than it would be more pipe?

7 MR. SKANNAL: My understanding is it's
8 not cheaper. It's evaluating all of the
9 environmental benefits, location, length of
10 linears. All of that went into the evaluation.
11 So it was not purely, it was cheaper to run wire
12 than pipeline.

13 MR. LAMBOY: Okay. And then your choice
14 one and two routes for wires. You wouldn't
15 consider running to the west along Station and
16 hooking into the wires that already exist and run?
17 Why wouldn't you approach it that way?

18 MR. SKANNAL: Those are all of the
19 options we are looking at. Part of the challenge
20 you have is the easements are only so wide for
21 existing and so it becomes a challenge. One, we
22 have already heard from a gentleman this evening
23 concerns of coming across properties. Two, you
24 make the easement even wider and then you run into
25 the concern of you could potentially remove

1 additional land out of service.

2 And so we are balancing minimizing what
3 I call the footprint of our transmission lines.
4 For example, we are doing the single pole, which
5 gives you a much smaller footprint than a lattice-
6 type structure. I don't know the exact diameter
7 but I think it's probably, you know. If you go
8 along, for example, Wasco way, you can see an
9 example of a single pole. A much smaller
10 footprint, less disruption of an operating farm
11 field or piece of property.

12 MR. LAMBOY: So then these renderings
13 really are not accurate. You see that second one
14 there. You've got like a four post.

15 MR. SKANNAL: No, that is not accurate.
16 That was just to give you an idea of kind of how
17 the process will work. It's not on there. The
18 disclaimer is not on there. That was just for
19 example purposes.

20 MR. LAMBOY: Okay. But again going to
21 the east instead of to the west and north. You
22 know the landscape between Morris and the 5,
23 right? You've seen it?

24 MR. SKANNAL: And we are looking, we
25 have looked at that as well. Trying to balance,

1 again, you know, minimizing our footprint and
2 minimizing disruptions. So we are trying to find
3 balancing -- the shortest route we can to minimize
4 disruptions.

5 MR. LAMBOY: Okay. Kind of a weird
6 question but, you know. With a facility like this
7 in place does that make us more, say, a terrorist
8 target in the neighborhood? You know, it's going
9 to be a major supplier to already a big supply of
10 power. And also what are like natural disasters
11 -- not natural but what kind of problem could
12 happen on the plant that could, oops, you know,
13 and we're all farming around it.

14 MR. SKANNAL: So part of -- I'll answer
15 the first part of your question. I don't know
16 what terrorists think to pick their targets.

17 The hydrogen that we make is consumed.
18 So as we make it, it goes to the power block and
19 it's consumed. There is no hydrogen stored on the
20 project and so from that standpoint that's not an
21 attractive feature. Again, on behalf -- I can't
22 speak on what terrorists pick, why they do what
23 they do.

24 MR. LAMBOY: Yeah.

25 MR. SKANNAL: As far as the power. My

1 view is if you want to disrupt power you would go
2 to a substation not to a single plant. And so if
3 you think about that, where would you go, you
4 would probably go to the Buttonwillow Midway
5 Substation where all of the power comes into one
6 collection point if you were going to do that type
7 of approach or if you had that concern. What was
8 the second part of your --

9 MR. LAMBOY: The second one was just
10 what kind of disaster could happen on the facility
11 that could impact the neighborhood?

12 MR. SKANNAL: And so part of what we do
13 is we have what's called inherent safe design. So
14 we design the plant where we look at what are the
15 potential risks. In this area of the country we
16 know earthquakes are a potential risk.

17 MR. LAMBOY: Right.

18 MR. SKANNAL: We design our plant such
19 that we understand there are earthquakes, we
20 understand the historical perspective. What are
21 the magnitude of those earthquakes? And we design
22 our plant to withstand that. As most Californians
23 know, we have learned to design roads and bridges,
24 buildings, to withstand earthquakes.

25 I also think of Japan as an excellent

1 country, that we learned a lot from Japan on
2 construction and all. So that, all of that is
3 factored in to our design. It is also part of the
4 permitting process where we have to identify any
5 potential issues with the plant and then what are
6 we going to do to prevent it. And then there is a
7 third component of emergency response. So if
8 something happened what are we going to do so that
9 it clearly does not impact any of our neighbors.

10 And all of that, again, is defined in
11 our Application for Certification, the AFC. And
12 as we go through the process you'll -- from the
13 CEC's perspective as well, those issues will come
14 up. Part of it is hazardous material handling
15 where we will talk about those issues and you can
16 understand better what we are doing to minimize
17 any risk.

18 MR. LAMBOY: Okay. And finally, it's a
19 25 year lease. Is that how it's worked out with
20 going to the grid? Or is that not even --

21 MR. SKANNAL: We don't have a power
22 purchase agreement at this point so there is no --
23 I don't have any number of years.

24 MR. LAMBOY: Okay. And the brackish
25 water will last forever in your estimation?

1 MR. SKANNAL: And so that's part of the
2 groundwater analysis. And I go back to what
3 Commissioner Byron said and Lisa is nodding there.
4 This is all -- no one is saying, we are going to
5 look the other way and just let this plant come
6 in. And so part of the process is to do an
7 evaluation of the ground water. So our
8 application, we are doing an evaluation of the
9 water, the impact, years of operation. As well as
10 Buena Vista, as part of their Environmental Impact
11 Report, has to do that assessment too. So their
12 report will come out shortly.

13 And again, I tell folks, we are one of
14 four of their projects. So make sure when you
15 look through, we are the piece around the brackish
16 water. But there are three other components in
17 addition to our's that they are doing. But in
18 particular our process that we are working with
19 CEC, that whole process will look at the ground
20 water piece.

21 MR. LAMBOY: Thank you.

22 HEARING OFFICER RENAUD: Thank you.

23 And we have one of our Energy Commission
24 scientists, Dr. Greenberg, who can speak a little
25 bit to some of the safety analyses that you

1 mentioned.

2 DR. GREENBERG: If the Committee is
3 interested. I'm Alvin Greenberg, I'm the staff
4 who will -- I will prepare the staff assessment on
5 public health and on hazardous materials
6 management.

7 Within the section on hazardous
8 materials management there is an analysis and
9 requirements for site security. I will be
10 proposing that we ask the applicant or require
11 rather the applicant to prepare a vulnerability
12 assessment, or I will conduct a vulnerability
13 assessment in-house. A vulnerability assessment
14 will consist of a threat assessment, a criticality
15 assessment and a consequence assessment.

16 Staff will propose to the Committee that
17 they do require conditions of certification that
18 will require the applicant, then the project owner
19 if the project is approved, to have security
20 during both construction and operations, that will
21 address the specific vulnerabilities and threats
22 that may be posed to this facility.

23 We do have what we call a baseline, a
24 floor if you will, of minimum security
25 requirements. And that can be built on, depending

1 on the outcome of the vulnerability assessment.

2 MR. LAMBOY: Thank you.

3 MR. SKANNAL: And may I also add. One
4 of our parent companies is BP. BP does operate
5 chemical facilities and refineries. And in that
6 same vein we do have resources internal to the
7 company that provide security assessments. And
8 those are the resources that we will be relying on
9 in supporting us and doing those assessments to
10 determine vulnerabilities, security measures and
11 consequences. So we will, we will do that.

12 MR. ANTONGIOVANNI: I just want to make
13 one quick --

14 HEARING OFFICER RENAUD: Before we give
15 you a second shot at it could we see if there's
16 anyone else who wants to make a first comment,
17 please. Any other commentators? All right, come on
18 forward then, thank you.

19 MR. ANTONGIOVANNI: I just want to make
20 one point. You said that originally the project
21 was planned on going -- it was planned on being
22 constructed on some Occidental property and there
23 was environmental concerns over that, which then
24 forced you guys to look north of the -- I don't
25 know what --

1 MR. SKANNAL: The aqueduct.

2 MR. ANTONGIOVANNI: The aqueduct.

3 MR. SKANNAL: Correct.

4 MR. ANTONGIOVANNI: I'm assuming then
5 the problem there was, with Occidental was
6 disturbing that soil where the environmental
7 problem was a concern, the snub-nose lizard and
8 all that. Then I would also be assuming that this
9 new energy source that you are going to supply
10 them to drill more wells, none of that land will
11 be disturbed in the drilling of wells or anything
12 else. And it just seems kind of fishy to me that
13 that's the case.

14 I just would like the farm ground that
15 we farm and produce the food that feeds the
16 country to be considered with that sort of respect
17 that the snub-nose lizards stomping grounds are.
18 And that's all.

19 HEARING OFFICER RENAUD: Sir, before you
20 sit down would you mind stating your name again
21 just so it's clear on the record.

22 MR. ANTONGIOVANNI: It's Beau
23 Antongiovanni.

24 HEARING OFFICER RENAUD: Thank you very
25 much. All right.

1 Are there any other commentators? All
2 right. Let's see if the Committee has any final
3 remarks before we adjourn.

4 Well Commissioner Byron, maybe you'd
5 like to go first and I'll thank everybody for
6 their participation.

7 ASSOCIATE MEMBER BYRON: I'll be really
8 brief. I appreciate very much all of the
9 commentators who spoke tonight and all of you who
10 were here. Just being present really contributes
11 to the process so I appreciate that very much.

12 And I would like to thank Commissioner
13 Boyd. Usually we find ourselves in quonset huts
14 and places like that for these hearings and this
15 is a really nice venue, isn't it?

16 PRESIDING MEMBER BOYD: Yes, I have to
17 thank whoever arranged it.

18 Let me add my thanks to all of you for
19 being here. This is a pretty good turnout for a
20 power plant case site visit and hearing. We
21 appreciate the local interest and involvement.

22 You have heard the process, which is
23 thorough, lengthy, and we think historically, very
24 fair. The Energy Commission in its 30 year
25 history has had a few cases taken to the

1 California Supreme Court and never lost one of
2 them. So that is just an illustration of how very
3 thorough the process is. And how talented,
4 frankly, the staff is.

5 I would just point out, it was pointed
6 out the workload that we have today is five times
7 normal. And you know these are tough economic
8 times and therefore our budget has been cut very
9 severely and we are on three furlough days a
10 month. So people are working really hard to try
11 to keep things on schedule. They and we will do
12 the best we can to move this along.

13 I want to comment on Dr. Greenberg's
14 comment, only to point out that what he described
15 to you is not unique to this power plant. It's
16 the kind of process that is gone through for any
17 and all power plants that we would license. Those
18 kinds of analyses, those kinds of recommendations.

19 And normally in the final approval by
20 the Commission for the certification of a power
21 plant there are a fairly significant number of,
22 quote, conditions for the licensure. Activities
23 that we deem that the applicant has to take if
24 they are to build the project. And of course they
25 have to accept those conditions if they want to

1 receive their permit, so to speak. That is if we
2 deem that the project can be permitted with
3 conditions.

4 With that I will say thank you again to
5 all of you. It has been a long and interesting
6 night and we will see you again in the future.
7 Thanks.

8 HEARING OFFICER RENAUD: Thank you.

9 (Whereupon, at 8:35 p.m., the
10 Informational Hearing was
11 adjourned.)

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CERTIFICATE OF REPORTER

I, MARTHA LEE NELSON, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Informational Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in outcome of said conference.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of October, 2009.



MARTHA LEE NELSON, CERT