

Item #20
June 29, 2011
Energy Commission Business Meeting

High Mountains Fuels, LLC

Grant Agreement ARV-10-051
for
Simi Valley Bio-Liquid Natural Gas (LNG) Production Plant

Summary

This project is one of five projects selected under PON-09-003, Biomethane Production for Transportation, which provided \$26 million in funding to produce renewable natural gas for transportation fuel.

High Mountain Fuels, LLC will produce transportation fuel from renewable landfill gas using second generation purification and liquefaction technologies. The resulting bio-LNG will fuel 500 waste hauling trucks. The project will take place at the Simi Valley landfill in Ventura County. The second generation plant will use a Pressure Swing Adsorption (PSA) system. PSA removes impurities from biomethane in one step, which reduces process energy by 25 percent to 35 percent and reduces annual maintenance costs by 20 percent.

The Energy Commission will provide \$11,020,419 in Alternative and Renewable Fuel and Vehicle Transportation program funds. The project team will provide \$11,020,419 match funding.

Benefits

The project will produce nearly 6 million gallons of renewable bio-LNG per year; displace 3.43 million gallons of diesel fuel per year; reduce transportation greenhouse gas emissions by over 36,000 metric tons per year; create 299 jobs in construction, production, engineering, management, and transportation; provide near-zero carbon bio-LNG renewable fuel for up to 500 heavy-duty LNG trucks; and provide California with a source of locally produced, renewable fuel.

Participants

Project partners are High Mountain Fuels, LLC, a joint venture of Waste Management Inc. and The Linde Group. Waste Management Inc. oversees operations at 273 active

landfills within the U.S. Operations include waste reduction, recycling, energy recovery, and collection and disposal services. The company operates approximately 750 natural gas trucks in California. The Linde Group specializes in industrial gases, engineering, project development, plant operations, and logistics. It is a U.S. EPA Landfill Methane Outreach Program (LMOP) Industry Partner and was Waste Management's partner on the Altamont landfill project, which earned EPA's 2009 LMOP Project of the Year award in the LNG category.

Implementation Schedule

High Mountain Fuels, LLC, expects to complete the design phase within 11 months from the project start date. If the Energy Commission approves of funding for the construction and commissioning of the project after conducting its environmental analysis, High Mountain Fuels, LLC expects to complete those tasks within 18 months.

CEQA

The Chief Counsel's Office has reviewed this project to determine what level of environmental review is necessary under the California Environmental Quality Act (CEQA). The local lead agency, Ventura County, is currently conducting an environmental review of the project and has prepared a draft environmental impact report (EIR). The EIR covers a proposed landfill expansion (which the Energy Commission is not funding) as well as this project. The Energy Commission is acting as a responsible agency under CEQA. Ventura County has not yet rendered a decision on the project and continues to receive numerous public comments on the draft EIR.

The Chief Counsel's Office recommends allowing pre-CEQA design work to begin on the project to allow a successful environmental review. This work has no possibility of affecting the environment, and will involve only a limited expenditure of funds. The Chief Counsel's Office further recommends that the Commission retain its discretion to modify the project, to evaluate alternatives, to retain the status quo, or to disapprove the project should the environmental impacts outweigh the benefits or if the lead agency's environmental analysis is incomplete.

After Ventura County completes its environmental review, the Commission will conduct its own independent review of the EIR in its role as a responsible agency. Upon completing its review, the project and EIR will be returned to a Business Meeting for the Commission to make relevant findings and determine whether to approve or disapprove the project.