



March 1, 2013

Karen Douglas,
Commissioner and Presiding Member

Andrew McAllister,
Commissioner and Associate Member

Raoul Renaud,
Hearing Officer

California Energy Commission

DOCKETED
08-AFC-8A

TN # 69749

MAR 01 2013

Hydrogen Energy California Project (No. 08-AFC-08A)

Dear Commissioners Douglas and McAllister and Hearing Officer Renaud:

Earlier this week the United States Department of Energy (DOE) was made aware that the staff of the California Energy Commission (CEC) needed more time to prepare the preliminary staff assessment and draft environmental impact statement (PSA-DEIS) for the Hydrogen Energy California (HECA) Project. DOE intends to provide approximately \$408 million in federal financial assistance to the project. The National Environmental Protection Act (NEPA) requires that DOE prepare an environmental impact statement (EIS) to inform its decision on whether to provide funding for the construction and operation of HECA's proposed project.

DOE and CEC staff concluded early in the amended application for certification proceeding (No. 08-AFC-08A) that combining the certification and NEPA processes would conserve both agencies' resources and facilitate the public's involvement in and understanding of the project and its potential impacts. The NEPA staff of Region 9 of the United States Environmental Protection Agency also supports the integration of these processes, as it reduces the burden on the public of participating as it allows for combined public meetings, hearings, and comment periods.

DOE understands the Commission's needs and requirements regarding its schedule for the certification process. DOE faces similar demands for progress in its NEPA process. Much of the federal financial assistance that the Department would provide to the HECA project was appropriated in the American Recovery and Reinvestment Act of 2009 (ARRA). These ARRA funds must be spent or returned to the Treasury by September 30, 2015, and DOE cannot make its decision on whether to fund the project's construction and operation until it completes the NEPA process.

DOE believes that an extension of the deadline for issuance of the PSA-DEIS to April 30, 2013, would allow DOE and CEC staff to produce a document that meets the requirements of both agencies and provides the public with sufficient information to understand the project's impacts

and to effectively participate in the NEPA and certification processes. Without this extension, DOE believes that it would not have sufficient time to review the PSA-DEIS to ensure that it met the requirements of the Department's NEPA regulations.

DOE is prepared to provide CEC staff with whatever assistance it can to produce a PSA-DEIS by April 30 that complies with both agencies' requirements, including, but not limited to, sending DOE employees to Sacramento in order to expedite the preparation and review of the PSA-DEIS. DOE appreciates the Commissioners' consideration of the Department's request for an extension.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Paul Detwiler", with a long horizontal flourish extending to the right.

R. Paul Detwiler
Chief Counsel