



STATE OF CALIFORNIA

# GRANT REQUEST FORM (GRF)

CEC-270 (Revised 12/2019)

CALIFORNIA ENERGY COMMISSION

## A) New Agreement # ARV-22-004 (to be completed by CGL office)

B) Division	Agreement Manager:	MS-	Phone
Fuels and Transportation	Andrew Hom		916-931-9422

C) Recipient's Legal Name	Federal ID #
StratosFuel, Inc.	47-5270579

D) Title of Project
Zero-Impact Production Facility Phase 2 Expansion

## E) Term and Amount

Start Date	End Date	Amount
1 / 25 / 2022	3 / 31 / 2026	\$ 3,000,000

## F) Business Meeting Information

ARFVTP agreements \$75K and under delegated to Executive Director  
 Proposed Business Meeting Date 1 / 25 / 2022  Consent  Discussion  
 Business Meeting Presenter Andrew Hom Time Needed: 5 minutes  
 Please select one list serve. Altfuels

### Agenda Item Subject and Description:

StratosFuel, Inc. Proposed resolution adopting California Environmental Quality Act (CEQA) findings for StratosFuel, Inc.'s Zero-Impact Production Facility Phase 2 Expansion project, and approving grant Agreement ARV-22-004 with Stratosfuel, Inc.

a. CEQA FINDINGS. Proposed resolution finding that based on the Lead Agency City of Victorville's Mitigated Negative Declaration (MND), Mitigation Monitoring Program, Initial Study and the City of Victorville Planning Commission's Resolution No. P-21-010, P-21-037, and P-21-038 approving the MND, Site Plan and Conditional Use Permit, the proposed project presents no new significant or substantially more severe environmental impacts beyond those already considered.

b. Proposed resolution approving Agreement ARV-22-004 for a \$3,000,000 grant to expand their renewable hydrogen production facility to add an additional 5,000 kg/day of renewable hydrogen production capacity at their facility located at the Southern California Logistical Airport. (CTP Funding) Contact: Andrew Hom (Staff Presentation: 5 minutes)

## G) California Environmental Quality Act (CEQA) Compliance

- Is Agreement considered a "Project" under CEQA?  
 Yes (skip to question 2)  No (complete the following (PRC 21065 and 14 CCR 15378)):

Explain why Agreement is not considered a "Project":

Agreement will not cause direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment because .

- If Agreement is considered a "Project" under CEQA:
  - Agreement **IS** exempt.
  - Statutory Exemption. List PRC and/or CCR section number:



**GRANT REQUEST FORM (GRF)**

- Categorical Exemption. List CCR section number:
  - Common Sense Exemption. 14 CCR 15061 (b) (3) Explain reason why Agreement is exempt under the above section:
  - b)  Agreement **IS NOT** exempt. (consult with the legal office to determine next steps)
- Check all that apply
- Initial Study
  - Negative Declaration
  - Mitigated Negative Declaration
  - Environmental Impact Report
  - Statement of Overriding Considerations

**H) List all subcontractors (major and minor) and equipment vendors, including those listed in the grant application: (attach additional sheets as necessary)**

Legal Company Name:	Budget
JP Energy, LLC	\$ 1,998,283
	\$ 0.00
	\$ 0.00

**I) List all key partners, including those listed in the grant application: (attach additional sheets as necessary)**

Legal Company Name:

**J) Budget Information**

Funding Source	Funding Year of Appropriation	Budget List Number	Amount
ARFVTP	FY 19/20	601.118L	\$3,000,000
Funding Source			\$
Funding Source			\$
Funding Source			\$
Funding Source			\$

R&D Program Area: Select Program Area      TOTAL: \$

Explanation for "Other" selection

Reimbursement Contract #:                      Federal Agreement #:

**K) Recipient's Contact Information**

**1. Recipient's Administrator/Officer**

Name: Jonathan Palacios-Avila  
 Address: 2601 N Del Rosa Ave.  
 Suite #200

City, State, Zip: San Bernardino,  
 CA 92404  
 Phone: (323-804-5067)  
 E-Mail: jpa@stratosfuel.com



STATE OF CALIFORNIA

# GRANT REQUEST FORM (GRF)

CEC-270 (Revised 12/2019)

CALIFORNIA ENERGY COMMISSION

## 2. Recipient's Project Manager

Name: Sean Walsh

Address: 2601 N Del Rosa Ave.  
Suite #200

City, State, Zip: San Bernardino,  
CA 92404

Phone: (951) 235-2269

E-Mail: seanwalsh@stratosfuel.com

### L) Selection Process Used

Competitive Solicitation      Solicitation #: GFO-20-609

First Come First Served Solicitation Solicitation #:      -      -

### M) The following items should be attached to this GRF

- |   |                                     |  |
|---|-------------------------------------|--|
| 1. Exhibit A, Scope of Work                         | <input checked="" type="checkbox"/> | Attached                                     |
| 2. Exhibit B, Budget Detail                         | <input checked="" type="checkbox"/> | Attached                                     |
| 3. CEC 105, Questionnaire for Identifying Conflicts | <input checked="" type="checkbox"/> | Attached                                     |
| 4. Recipient Resolution                             | <input type="checkbox"/> N/A        | <input checked="" type="checkbox"/> Attached |
| 5. CEQA Documentation                               | <input type="checkbox"/> N/A        | <input checked="" type="checkbox"/> Attached |

\_\_\_\_\_  
**Agreement Manager**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Office Manager**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Deputy Director**

\_\_\_\_\_  
**Date**

## Exhibit A SCOPE OF WORK

### TECHNICAL TASK LIST

Task #	CPR	Task Name
1		Administration
2		Procurement and Site Preparation
3	X	Installation of Equipment
4	X	Start-up and Commissioning
5		Data Collection and Analysis
6		Project Fact Sheet

### KEY NAME LIST

Task #	Key Personnel	Key Subcontractor(s)	Key Partner(s)
1	Jonathan Avila, Sean Walsh, Pete Jeffe		
2	Jonathan, Sean Walsh, Pete Jeffe		
3	Sean Walsh, Paul Wilkins		
4	Jonathan Avila & Sean Walsh, Paul Wilkins		
5	Jonathan Avila & Steven Brooks, Paul Wilkins		

### GLOSSARY

Specific terms and acronyms used throughout this scope of work are defined as follows:

Term/ Acronym	Definition
CAM	Commission Agreement Manager
CAO	Commission Agreement Officer
CEC	California Energy Commission
CPR	Critical Project Review
CTP	Clean Transportation Program
FCEV	Fuel Cell Electric Vehicle
FTD	Fuels and Transportation Division

<b>Term/ Acronym</b>	<b>Definition</b>
GFO	Grant Funding Opportunity
HRS	Hydrogen Refueling Station
kg/day	Kilogram(s) per day
Recipient	StratosFuel, Inc

**Background**

Assembly Bill (AB) 118 (Núñez, Chapter 750, Statutes of 2007), created the Clean Transportation Program. The statute authorizes the California Energy Commission (CEC) to develop and deploy alternative and renewable fuels and advanced transportation technologies to help attain the state’s climate change, clean air, and alternative energy policies. AB 8 (Perea, Chapter 401, Statutes of 2013) re-authorizes the Clean Transportation Program through January 1, 2024. The Clean Transportation Program has an annual budget of approximately \$100 million and provides financial support for projects that:

- Reduce California’s use and dependence on petroleum transportation fuels and increase the use of alternative and renewable fuels and advanced vehicle technologies.
- Produce sustainable alternative and renewable low-carbon fuels in California.
- Expand alternative fueling infrastructure and fueling stations.
- Improve the efficiency, performance and market viability of alternative light-, medium-, and heavy-duty vehicle technologies.
- Retrofit medium- and heavy-duty on-road and non-road vehicle fleets to alternative technologies or fuel use.
- Expand the alternative fueling infrastructure available to existing fleets, public transit, and transportation corridors.
- Establish workforce training programs and conduct public outreach on the benefits of alternative transportation fuels and vehicle technologies.

On April 9, 2021, the CEC released a Grant Funding Opportunity (GFO) entitled “Renewable Hydrogen Transportation Fuel Production.” This competitive grant solicitation was to increase in-state production of 100 percent renewable hydrogen for on-road fuel cell electric vehicles. In response to GFO-20-609, the Recipient submitted application #08 which was proposed for funding in the CEC’s Notice of Proposed Awards on February 3, 2022. GFO-20-609 and Recipient’s application are hereby incorporated by reference into this Agreement in their entirety.

In the event of any conflict or inconsistency between the terms of the Solicitation and the terms of the Recipient’s Application, the Solicitation shall control. In the event of any conflict or inconsistency between the Recipient’s Application and the terms of the CEC’s Award, the CEC’s Award shall control. Similarly, in the event of any conflict or inconsistency between the terms of this Agreement and the Recipient’s Application, the terms of this Agreement shall control.

**Problem Statement:**

Senate Bill (SB) 1505 (Lowenthal, Chapter 877, Statutes of 2006) requires hydrogen refueling stations operating in California to dispense 33.3 percent renewable hydrogen. Hydrogen refueling stations receiving state funds must meet this requirement. Once the annual volume of hydrogen fuel dispensed reaches 3.5 million kilograms per year, this requirement will apply to all stations regardless of funding source. According to the California Air Resources Board's 2021 Annual Evaluation of Hydrogen Fuel Cell Electric Vehicle Deployment and Hydrogen Fuel Station Network Development, roughly 10 million kilograms per year of hydrogen sales are estimated by 2025, and 33.3 percent of that hydrogen dispensed will need to be renewable. In addition, California's hydrogen refueling station network has experienced fuel shortages and supply constraints to the hydrogen refueling stations (HRS), demonstrating the expedited need for dedicated hydrogen production.

**Goals of the Agreement:**

The goal of this Agreement is to expand the existing planned StratosFuel renewable hydrogen production plant with an additional 5,000 kg/day of production capacity and compression equipment, which will yield a total annual production capacity of 10,000 kg/day.

**Objectives of the Agreement:**

The objectives of this Agreement are to:

- Purchase, install, and operate 5,000 kg/day of renewable hydrogen production capacity to augment the existing 5,000 kg/day under Phase 1.
- Supply low-cost renewable hydrogen to HRS and on-road fuel cell electric vehicles (FCEV).
- Utilize renewable power to produce 100 percent renewable hydrogen.
- Leverage off-take partnerships to supply publicly funded HRS.
- Complete full development of plant by 2026.

**TASK 1 ADMINISTRATION****Task 1.1 Attend Kick-off Meeting**

The goal of this task is to establish the lines of communication and procedures for implementing this Agreement. The Commission Agreement Manager (CAM) shall designate the date and location of this meeting and provide an agenda to the Recipient prior to the meeting.

**The Recipient shall:**

- Attend a "Kick-Off" meeting with the CAM, the Commission Agreement Officer (CAO), and a representative of the CEC Accounting Office. The Recipient shall bring their Project Manager, Agreement Administrator, Accounting Officer, and any others determined necessary by the Recipient or specifically requested by the CAM to this meeting.

- Provide a written statement of project activities that have occurred after the notice of proposed awards but prior to the execution of the agreement using match funds. If none, provide a statement that no work has been completed using match funds prior to the execution of the agreement. All pre-execution match expenditures must conform to the requirements in the Terms and Conditions of this Agreement.
- Discuss the following administrative and technical aspects of this Agreement:
  - Agreement Terms and Conditions
  - Critical Project Review (Task 1.2)
  - Match fund documentation (Task 1.7) No reimbursable work may be done until this documentation is in place.
  - Permit documentation (Task 1.8)
  - Subawards needed to carry out project (Task 1.9)
  - The CAM's expectations for accomplishing tasks described in the Scope of Work
  - An updated Schedule of Products and Due Dates
  - Monthly Calls (Task 1.4)
  - Quarterly Progress Reports (Task 1.5)
  - Technical Products (Product Guidelines located in Section 5 of the Terms and Conditions)
  - Final Report (Task 1.6)

**Recipient Products:**

- Updated Schedule of Products
- Updated List of Match Funds
- Updated List of Permits
- Written Statement of Match Share Activities

**Commission Agreement Manager Product:**

- Kick-Off Meeting Agenda

**Task 1.2 Critical Project Review (CPR) Meetings**

CPRs provide the opportunity for frank discussions between the CEC and the Recipient. The goal of this task is to determine if the project should continue to receive CEC funding to complete this Agreement and to identify any needed modifications to the tasks, products, schedule or budget.

The CAM may schedule CPR meetings as necessary, and meeting costs will be borne by the Recipient.

Meeting participants include the CAM and the Recipient and may include the CAO, the Fuels and Transportation Division (FTD) program lead, other CEC staff and Management as well as other individuals selected by the CAM to provide support to the CEC.

**The CAM shall:**

- Determine the location, date, and time of each CPR meeting with the Recipient. These meetings generally take place at the CEC, but they may take place at another location or remotely.
- Send the Recipient the agenda and a list of expected participants in advance of each CPR. If applicable, the agenda shall include a discussion on both match funding and permits.
- Conduct and make a record of each CPR meeting. Prepare a schedule for providing the written determination described below.
- Determine whether to continue the project, and if continuing, whether or not modifications are needed to the tasks, schedule, products, and/or budget for the remainder of the Agreement. Modifications to the Agreement may require a formal amendment (please see section 8 of the Terms and Conditions). If the CAM concludes that satisfactory progress is not being made, this conclusion will be referred to the Lead Commissioner for Transportation for his or her concurrence.
- Provide the Recipient with a written determination in accordance with the schedule. The written response may include a requirement for the Recipient to revise one or more product(s) that were included in the CPR.

**The Recipient shall:**

- Prepare a CPR Report for each CPR that discusses the progress of the Agreement toward achieving its goals and objectives. This report shall include recommendations and conclusions regarding continued work of the projects. This report shall be submitted along with any other products identified in this scope of work. The Recipient shall submit these documents to the CAM and any other designated reviewers at least 15 working days in advance of each CPR meeting.
- Present the required information at each CPR meeting and participate in a discussion about the Agreement.

**CAM Products:**

- Agenda and a list of expected participants
- Schedule for written determination
- Written determination

**Recipient Product:**

- CPR Report(s)

**Task 1.3 Final Meeting**

The goal of this task is to closeout this Agreement.

**The Recipient shall:**

- Meet with CEC staff to present the findings, conclusions, and recommendations. The final meeting must be completed during the closeout of this Agreement.



This meeting will be attended by, at a minimum, the Recipient and the CAM. The technical and administrative aspects of Agreement closeout will be discussed at the meeting, which may be two separate meetings at the discretion of the CAM.

The technical portion of the meeting shall present an assessment of the degree to which project and task goals and objectives were achieved, findings, conclusions, recommended next steps (if any) for the Agreement, and recommendations for improvements. The CAM will determine the appropriate meeting participants.

The administrative portion of the meeting shall be a discussion with the CAM about the following Agreement closeout items:

- What to do with any equipment purchased with CEC funds (Options)
  - CEC request for specific “generated” data (not already provided in Agreement products)
  - Need to document Recipient’s disclosure of “subject inventions” developed under the Agreement
  - “Surviving” Agreement provisions
  - Final invoicing and release of retention
- Prepare a schedule for completing the closeout activities for this Agreement.

**Products:**

- Written documentation of meeting agreements
- Schedule for completing closeout activities

**Task 1.4 Monthly Calls**

The goal of this task is to have calls at least monthly between CAM and Recipient to verify that satisfactory and continued progress is made towards achieving the objectives of this Agreement on time and within budget.

The objectives of this task are to verbally summarize activities performed during the reporting period, to identify activities planned for the next reporting period, to identify issues that may affect performance and expenditures, to verify match funds are being proportionally spent concurrently or in advance of CEC funds or are being spent in accordance with an approved Match Funding Spending Plan, to form the basis for determining whether invoices are consistent with work performed, and to answer any other questions from the CAM. Monthly calls might not be held on those months when a quarterly progress report is submitted, or the CAM determines that a monthly call is unnecessary.

**The CAM shall:**

- Schedule monthly calls.
- Provide questions to the Recipient prior to the monthly call.
- Provide call summary notes to Recipient of items discussed during call.

**The Recipient shall:**

- Review the questions provided by CAM prior to the monthly call
- Provide verbal answers to the CAM during the call.

**Product:**

- Email to CAM concurring with call summary notes.

**Task 1.5 Quarterly Progress Reports**

The goal of this task is to periodically verify that satisfactory and continued progress is made towards achieving the objectives of this Agreement on time and within budget.

The objectives of this task are to summarize activities performed during the reporting period, to identify activities planned for the next reporting period, to identify issues that may affect performance and expenditures, and to form the basis for determining whether invoices are consistent with work performed.

**The Recipient shall:**

- Prepare a Quarterly Progress Report which summarizes all Agreement activities conducted by the Recipient for the reporting period, including an assessment of the ability to complete the Agreement within the current budget and any anticipated cost overruns. Progress reports are due to the CAM the 10<sup>th</sup> day of each January, April, July, and October. The Quarterly Progress Report template can be found on the ECAMS Resources webpage available at <https://www.energy.ca.gov/media/4691>.

**Product:**

- Quarterly Progress Reports

**Task 1.6 Final Report**

The goal of the Final Report is to assess the project's success in achieving the Agreement's goals and objectives, advancing science and technology, and providing energy-related and other benefits to California.

The objectives of the Final Report are to clearly and completely describe the project's purpose, approach, activities performed, results, and advancements in science and technology; to present a public assessment of the success of the project as measured by the degree to which goals and objectives were achieved; to make insightful observations based on results obtained; to draw conclusions; and to make recommendations for further projects and improvements to the FTD project management processes.

The Final Report shall be a public document and is limited to 25-pages. If the Recipient has obtained confidential status from the CEC and will be preparing a confidential version of the Final Report as well, the Recipient shall perform the following activities for both the public and confidential versions of the Final Report.

In addition to any other applicable requirements, the Final Report must comply with the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. 12101 et seq.), which prohibits discrimination on the basis of disability; all applicable regulations and guidelines issued pursuant to the ADA; Cal. Gov. Code sects. 7405 and 11135; and Web Content Accessibility Guidelines 2.0, or a subsequent version, as published by the Web Accessibility Initiative of the World Wide Web Consortium at a minimum Level AA success criteria.

**The Recipient shall:**

- Prepare an Outline of the Final Report, if requested by the CAM.

- Prepare a Final Report complying with ADA requirements and following the latest version of the Final Report guidelines which will be provided by the CAM. The CAM shall provide written comments on the Draft Final Report within fifteen (15) working days of receipt. The Final Report must be completed at least 60 days before the end of the Agreement Term.
- Submit one bound copy of the Final Report with the final invoice.

**Products:**

- Outline of the Final Report, if requested
- Draft Final Report
- Final Report

**Task 1.7 Identify and Obtain Matching Funds**

The goal of this task is to ensure that the match funds planned for this Agreement are obtained for and applied to this Agreement during the term of this Agreement.

The costs to obtain and document match fund commitments are not reimbursable through this Agreement. Although the CEC budget for this task will be zero dollars, the Recipient may utilize match funds for this task. Match funds must be identified in writing and the associated commitments obtained before the Recipient can incur any costs for which the Recipient will request reimbursement.

**The Recipient shall:**

- Prepare a letter documenting the match funding committed to this Agreement and submit it to the CAM at least 2 working days prior to the kick-off meeting. If no match funds were part of the proposal that led to the CEC awarding this Agreement and none have been identified at the time this Agreement starts, then state such in the letter. If match funds were a part of the proposal that led to the CEC awarding this Agreement, then provide in the letter a list of the match funds that identifies the:
  - Amount of each cash match fund, its source, including a contact name, address and telephone number and the task(s) to which the match funds will be applied.
  - Amount of each in-kind contribution, a description, documented market or book value, and its source, including a contact name, address and telephone number and the task(s) to which the match funds will be applied. If the in-kind contribution is equipment or other tangible or real property, the Recipient shall identify its owner and provide a contact name, address and telephone number, and the address where the property is located.
- Provide a copy of the letter of commitment from an authorized representative of each source of cash match funding or in-kind contributions that these funds or contributions have been secured. For match funds provided by a grant a copy of the executed grant shall be submitted in place of a letter of commitment.

- Discuss match funds and the implications to the Agreement if they are reduced or not obtained as committed, at the kick-off meeting. If applicable, match funds will be included as a line item in the progress reports and will be a topic at CPR meetings.
- Provide the appropriate information to the CAM if during the course of the Agreement additional match funds are received.
- Notify the CAM within 10 days if during the course of the Agreement existing match funds are reduced. Reduction in match funds must be approved through a formal amendment to the Agreement and may trigger an additional CPR meeting.

**Products:**

- A letter regarding match funds or stating that no match funds are provided
- Copy(ies) of each match fund commitment letter(s) (if applicable)
- Letter(s) for new match funds (if applicable)
- Letter that match funds were reduced (if applicable)

**Task 1.8 Identify and Obtain Required Permits**

The goal of this task is to obtain all permits required for work completed under this Agreement in advance of the date they are needed to keep the Agreement schedule on track.

Permit costs and the expenses associated with obtaining permits are not reimbursable under this Agreement. Although the CEC budget for this task will be zero dollars, the Recipient may budget match funds for any expected expenditures associated with obtaining permits. Permits must be identified in writing and obtained before the Recipient can make any expenditure for which a permit is required.

**The Recipient shall:**

- Prepare a letter documenting the permits required to conduct this Agreement and submit it to the CAM at least 2 working days prior to the kick-off meeting. If there are no permits required at the start of this Agreement, then state such in the letter. If it is known at the beginning of the Agreement that permits will be required during the course of the Agreement, provide in the letter:
  - A list of the permits that identifies the:
    - Type of permit
    - Name, address and telephone number of the permitting jurisdictions or lead agencies
  - The schedule the Recipient will follow in applying for and obtaining these permits.
- Discuss the list of permits and the schedule for obtaining them at the kick-off meeting and develop a timetable for submitting the updated list, schedule and the copies of the permits. The implications to the Agreement if the permits are not obtained in a timely fashion or are denied will also be discussed. If applicable, permits will be included as a line item in the Progress Reports and will be a topic at CPR meetings.

- If during the course of the Agreement additional permits become necessary, provide the appropriate information on each permit and an updated schedule to the CAM.
- As permits are obtained, send a copy of each approved permit to the CAM.
- If during the course of the Agreement permits are not obtained on time or are denied, notify the CAM within 5 working days. Either of these events may trigger an additional CPR.

**Products:**

- Letter documenting the permits or stating that no permits are required
- A copy of each approved permit (if applicable)
- Updated list of permits as they change during the term of the Agreement (if applicable)
- Updated schedule for acquiring permits as changes occur during the term of the Agreement (if applicable)
- A copy of each final approved permit (if applicable)

**Task 1.9 Obtain and Execute Subawards**

The goal of this task is to ensure quality products and to procure subrecipients required to carry out the tasks under this Agreement consistent with the Agreement Terms and Conditions and the Recipient’s own procurement policies and procedures.

**The Recipient shall:**

- Manage and coordinate subrecipient activities.
- If requested by the CAM, submit a draft of each subaward required to conduct the work under this Agreement to the CAM for review.
- If requested by the CAM, submit a final copy of the executed subaward.
- If Recipient intends to add new subrecipients or change subrecipients, then the Recipient shall notify the CAM.

**Products:**

- Letter describing the subawards needed, or stating that no subawards are required
- Draft subcontracts (if requested)
- Final subcontracts (if requested)

**TECHNICAL TASKS**

**TASK 2 PROCUREMENT AND SITE PREPARATION**

The goal of this task is to procure equipment and prepare the site for the expansion of the renewable hydrogen production facility.

**The Recipient shall:**

- Finalize design of the renewable hydrogen production facility expansion with

consideration of site-specific, equipment-specific, and operational conditions.

- Prepare and submit to the CAM an Equipment List for the equipment for the renewable hydrogen production facility, including a payment schedule for equipment.
- Submit purchase orders for equipment. Provide a copy to the CAM.
- Begin site preparation at the facility location.
- Organize delivery set-up.
- Coordinate delivery with development schedules.
- Prepare project site for equipment delivery and installation.
- Prepare and submit to the CAM a Site Preparation Report that includes, but is not limited to: summary of site preparation activities and schedule of activities.
- Prepare and submit to the CAM a Written Notification of Delivery of Equipment with photographs of equipment.

**Products:**

- Equipment List
- Purchase Orders for Equipment
- Site Preparation Report
- Written Notification of Delivery of Equipment with photographs

**TASK 3 INSTALLATION OF EQUIPMENT**

The goal of this task is to install production equipment at the site and complete all electrical, water, and mechanical interconnections.

**The Recipient shall:**

- Prepare and submit to the CAM a Construction Plan for the installation of production equipment.
- Prepare and submit to the CAM a Written Notification of Equipment Installation Commencement.
- Install production equipment and anchor equipment to skid.
- Connect equipment to existing ground wiring.
- Perform electrical and plumbing connections.
- Perform mechanical installation and interconnections of piping, vent stacks, braces, and brackets.
- Engage in pipe fitting and welding, as well as fabricate brackets/clamps to tie into with existing infrastructure.
- Prepare and submit to the CAM a Written Notification of Installation Completion with photographs of the installed equipment.

**Products:**

- Construction Plan
- Written Notification of Equipment Installation Commencement
- Written Notification of Installation Completion with photographs

**[CPR WILL OCCUR DURING THIS TASK. See Task 1.2 for details.]**

**TASK 4 START-UP AND COMMISSIONING**

The goal of this task is to test, commission, and start-up the equipment; update any safety manuals and procedures; and confirm safety codes have been complied with.

**The Recipient shall:**

- Compile a List of Tests to be performed prior to start-up and commissioning. Provide a copy to the CAM.
- Perform operational readiness inspection for the storage and compressors.
- Commission and start-up of production and compression.
- Test and verify performance of the equipment.
- Complete a Site Acceptance Testing Report and provide a copy to the CAM.
- Provide training for station operators.
- Prepare and submit a Written Notification of Training Completion.
- Prepare and submit to the CAM a Written Notification of Start-Up of the storage systems and compressors, including time and date of start-up, tests performed, and test results.
- Prepare and submit to the CAM a Written Notification of Production Facility Operation when renewable hydrogen production facility expansion is fully operational.

**Products:**

- List of Tests
- Site Acceptance Testing Report
- Written Notification of Training Completion
- Written Notification of Start-Up
- Written Notification of Production Facility Operation

**[CPR WILL OCCUR DURING THIS TASK. See Task 1.2 for details.]**

**Task 5 DATA COLLECTION AND ANALYSIS**

The goal of this task is to collect operational data from the project and to analyze that data for economic and environmental impacts.

**The Recipient shall:**

- Troubleshoot any issues identified.

- Develop a data collection plan and collect at least six months of data, including, at a minimum, the following:
  - Throughput, usage, and operations data
  - Normal operating hours, up time, down time, and explanations of variations
  - Feedstock supply summary, including volumes and cost
  - Maximum capacity of the new hydrogen fuel production system in kilograms per day
  - Monthly volumes of renewable and non-renewable hydrogen produced and sold by the project facility.
  - List of hydrogen refueling stations served.
  - Record of co-products from production processes, including quantity
  - Record of wastes from production processes (waste water, solid waste, criteria emissions, etc.)
  - Electricity consumption
  - Expected air emissions reduction from the production facility, for example:
    - Non-methane hydrocarbons
    - Oxides of nitrogen
    - Non-methane hydrocarbons plus oxides of nitrogen
    - Particulate Matter
    - Formaldehyde
  - For any expected medium- and heavy-duty vehicle fleet use, duty cycle of the current fleet and the expected duty cycle of future vehicle acquisitions
  - Specific jobs and economic development resulting from this project
  - Finished hydrogen fuel price
  - Analysis of total facility costs, operation and maintenance costs, marginal abatement costs
- Provide a written record of registering with the Low Carbon Fuel Standard and Renewable Fuel Standard programs.
- Identify any current and planned use of renewable energy at the facility.
- Describe any energy efficiency measures used in the facility that may exceed Title 24 standards in Part 6 of the California Code Regulations.
- Provide data on potential job creation, economic development, and increased state revenue as a result of expected future expansion.
- Provide a quantified estimate of the project's carbon intensity values or provide an Air Resources Board approved pathway carbon intensity.
- Estimate annual life-cycle greenhouse gas emission reduction.



- Compare any project performance and expectations provided in the proposal to Energy Commission with actual project performance and accomplishments.
- Collect data, information, and analysis described above and provide to the CAM.

**Products:**

- Data collection information and analysis

**TASK 6 PROJECT FACT SHEET**

The goal of this task is to develop an initial and final project fact sheet that describes the CEC-funded project and the benefits resulting from the project for the public and key decision makers.

**The Recipient shall:**

- Prepare an Initial Project Fact Sheet at start of the project that describes the project and the expected benefits. Use the format provided by the CAM.
- Prepare a Final Project Fact Sheet at the project's conclusion that describes the project, the actual benefits resulting from the project, and lessons learned from implementing the project. Use the format provided by the CAM.
- Provide at least (6) six High Quality Digital Photographs (minimum resolution of 1300x500 pixels in landscape ratio) of pre and post technology installation at the project sites or related project photographs.

**Products:**

- Initial Project Fact Sheet
- Final Project Fact Sheet
- High Quality Digital Photographs

STATE OF CALIFORNIA  
STATE ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT COMMISSION

RESOLUTION: STRATOSFUEL, INC.

**WHEREAS**, on October 13, 2021, the State Energy Resources Conservation and Development Commission (CEC) approved Amendment #1 to Agreement ARV-17-050, Zero Impact Renewable Hydrogen Production Facility (hereinafter “ARV-17-050”), a grant to build a 5,000 kilogram per day electrolysis plant in Victorville that will produce and supply 100 percent renewable hydrogen fuel to public hydrogen refueling stations; and

**WHEREAS**, the City of Victorville through its Planning Commission (“City”) is the Lead Agency for purposes of the California Environmental Quality Act (“CEQA”) for the Zero Impact Production Facility and the expansion thereto (hereinafter “Project”); and

**WHEREAS**, the City prepared an Initial Study and Mitigated Negative Declaration (“CEQA Documents”) to evaluate the potential impacts of ARV-17-050 and Amendment #1 thereto, copies of which are on file with the CEC; and

**WHEREAS**, the City, on March 10, 2021, passed, approved, and adopted the Mitigated Negative Declaration, copies of which are on file with the CEC, thereby imposing mitigation measures on the project described in ARV-17-050 and Amendment #1 thereto; and

**WHEREAS**, on October 13, 2021, the CEC resolved that the City of Victorville’s CEQA Documents were adequate for its use as the decision-making body for its consideration of Amendment #1 to ARV-17-050, and that approval of Amendment #1 to ARV-17-050 was within the scope of the City’s CEQA Documents; and

**WHEREAS**, the CEC is now considering the proposed Agreement ARV-22-004 with StratosFuel, Inc., the Recipient of Agreement ARV-17-050 and Amendment #1 thereto, for a \$3,000,000 grant to expand their renewable hydrogen production facility to add an additional 5,000 kg/day of renewable hydrogen production capacity at their facility located at the Southern California Logistical Airport; and

**WHEREAS**, the Energy Commission has used its own independent judgment to consider the potential environmental impacts of grant Agreement ARV-22-004 and the proposed Project; and

Prior to acting on ARV-22-004, the Energy Commission desires to make certain findings pursuant to CEQA Guidelines, title 14, sections 15091 and 15096.

**THEREFORE, BE IT RESOLVED**, to the extent relevant to Agreement ARV-22-004, the Energy Commission has reviewed and considered the information and CEQA findings contained in the City's CEQA Documents, identified in the resolution of October 13, 2021, approving Amendment #1 to ARV-17-050.

**FURTHER BE IT RESOLVED**, that, the Energy Commission finds the City's CEQA Documents are adequate for its use as the decision-making body for its consideration of ARV-22-004, and that approval of Agreement ARV-22-004 is within the scope of the City's CEQA documents. The Energy Commission further finds that the City has adopted the mitigation measures recommended in the City's CEQA Documents, and has authority to implement the mitigation measures or to seek any required approvals for those measures, and the Energy Commission has no direct authority to implement those measures.

**FURTHER BE IT RESOLVED**, that approval of ARV-22-004 is within the scope of the activities evaluated in the City's CEQA Documents, as addended, to wit, the Initial Study and Mitigated Negative Declaration.

**FURTHER BE IT RESOLVED**, that, since the City's CEQA Documents were finalized, there have been no substantial project changes and no substantial changes in the project circumstances that would require major revisions to these documents due to the involvement of new significant environmental effects or an increase in the severity of previously identified significant impacts, and there is no new information of substantial important that would change the conclusions set forth therein.

**FURTHER BE IT RESOLVED**, that the Energy Commission has not identified any feasible alternative or additional feasible mitigation measures within its power that would substantially lessen or avoid any significant effect which Agreement ARV-22-004 would have on the environment.

**THEREFORE BE IT RESOLVED**, that the Energy Commission finds, on the basis of the entire record before it, that the mitigation measures and conditions of approval, as previously determined, incorporated into the City's CEQA Documents, will prevent Agreement ARV-22-004 from having any significant effects on the environment, and that the Project proposed by Agreement ARV-22-004 presents no new significant or substantially more severe environmental impacts beyond those already considered in Agreement ARV-17-050 and Amendment #1 thereto.

**FURTHER BE IT RESOLVED**, that this document authorizes the Executive Director or his or her designee to prepare and file a Notice of Determination on behalf of the Energy Commission.

**FURTHER BE IT RESOLVED**, that the Energy Commission approves Agreement ARV-22-004 with Stratosfuel, Inc. for a \$3,000,000 grant to expand their renewable hydrogen

production facility to add an additional 5,000 kg/day of renewable hydrogen production capacity at their facility located at the Southern California Logistical Airport; and

**FURTHER BE IT RESOLVED**, that the Executive Director or their designee shall execute the same on behalf of the CEC.

**CERTIFICATION**

The undersigned Secretariat to the CEC does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the CEC held on January 25, 2023.

AYE:

NAY:

ABSENT:

ABSTAIN:

Dated:

---

Liza Lopez  
Secretariat

# Memorandum

**For:** ARV-22-004, StratosFuel, Inc.

**From:** Andrew Hom, Air Resources  
Engineer  
Medium- and Heavy-Duty Zero  
Emission Technologies Branch  
California Energy Commission  
715 P Street  
Sacramento, California 95814

**Date:** January 11, 2023

**Subject:** California Environmental Quality Act Analysis for Agreement ARV-22-004, StratosFuel, Inc.'s "Zero-Impact Production Facility Phase 2 Expansion" project

## I. Introduction.

I am an Air Resources Engineer in the Fuels and Transportation Division of the California Energy Commission (CEC) and am the Commission's Agreement Manager for proposed grant Agreement ARV-22-004, titled "Zero Impact Production Facility Phase 2 Expansion" with StratosFuel, Inc. (StratosFuel).

This memo analyzes and documents the consideration of the environmental impacts of the proposed project, which is one phase of a renewable hydrogen fuel production facility in the City of Victorville (City).

StratosFuel has an existing grant agreement with the CEC to build a renewable hydrogen production facility in Victorville.<sup>1</sup> Under the existing grant agreement, StratosFuel is constructing a renewable hydrogen electrolysis and steam methane reformation facility and associated professional office campus on approximately 10.38 acres site of previously developed land located north-northwest of the intersection of Perimeter Road and Phantom East in the city of Victorville, San Bernardino County, California. The facility funded under the existing grant will produce 5,000kg/day of hydrogen fuel. Now, StratosFuel applied for a grant to increase the hydrogen production as Phase II of its hydrogen production facility located at the same project site in Victorville.

## II. Proposed Project.

The proposed project to be funded under ARV-22-004 will increase the production of renewable hydrogen fuel at the hydrogen production facility from 5,000 kg/day to 10,000

---

<sup>1</sup> The existing grant agreement ARV-17-050.

kg/day. The proposed project will produce renewable hydrogen via electrolysis from on-site electrolyzers and steam methane reformation of biogas. The existing grant funds phase I of the hydrogen production facility and includes equipment (electrolyzers, compressors, fueling bays, etc.) needed for 5,000 kg/day of renewable hydrogen production. The proposed project will fund additional equipment needed to produce an additional 5,000 kg/day of renewable hydrogen.

### **III. City's Environmental Review.**

The City's Planning Commission (Lead Agency) prepared and circulated an Initial Study and Mitigated Negative Declaration (MND) (SCH 2021010236) in accordance with the California Environmental Quality Act (CEQA) to determine if the renewable hydrogen production facility project would have a significant effect on the environment. On March 10, 2021, the Lead Agency, approved Resolution No. P-21-010 approving the MND after finding that the project would not have a negative effect on the environment as demonstrated in the MND. On September 8, 2021, the Lead Agency approved Resolutions No. P-21-037 and P-21-038 approving a site plan and conditional use permit (CUP) allowing for the development of hydrogen production facility and associated on-site and off-site improvements. The approvals are subject to all Mitigation Monitoring Program contained within the MND.

The MND was prepared for the renewable hydrogen production facility at the project site in Victorville. It evaluated a project with five on-site electrolyzers approximately 50-feet in length by 10 feet in width that would be housed in a roofless structure comprised of perimeter concrete walls ranging in height between 8 to 14 feet. The site plan approved by the City includes up to 5,000kg/day of electrolysis and up to 10,000kg/day of steam methane reformation. The MND also analyzed the liquid hydrogen that would be stored on-site in new 18,750 gallon or about 5,000 kg liquid hydrogen tank. The liquid hydrogen stored at the site would be available for distribution by truck. The MND analyzed the proposed production facility at its full potential capacity of 10,000kg/day. When running at said capacity, up to 25 truck trailers would be filled per day at the trans-fill station for distribution to local and regional hydrogen fueling stations. Liquid hydrogen would be vaporized and loaded into trucks at one of the filling bays.

### **IV. Responsible Agency Considerations.**

Prior to reaching a decision on the proposed project under ARV-22-004, the CEC as a responsible agency must consider the environmental effects of the proposed project as shown in the mitigated negative declaration prepared for the proposed project by the lead agency. In its role as responsible agency, the CEC has reviewed the Lead Agency's: MND, resolutions approving the CUP and site plan; Mitigation Monitoring Program, Notices of Determination and related documentation.

Under 14 California Code of Regulations, title 14, section 15162, when a negative declaration has been certified for a project, no subsequent negative declaration shall be prepared for that project unless the lead agency determines, on the basis on substantial evidence in the light of the whole record, one or more of the following:

- 1) Substantial changes are proposed in the project that which will require major revisions of the previous negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- 2) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or
- 3) New information of substantial importance, which was not known and could not have been known with the exercise of due diligence at the time the previous negative declaration was adopted, shows the project will have one of more significant effects not discussed in the previous negative declaration.

## **V. Discussion.**

The environmental factors and mitigation measures identified for the proposed project by the Lead Agency's MND are listed below:

### **Aesthetics:**

The proposed project is expected to have less than significant impacts on Aesthetics. The MND found that the project site is an existing developed parcel of land that is not considered to be a scenic vista. The MND further found that the proposed project would not have a significant impact on the existing visual character or quality of the site, as the site is already an industrial area and the proposed facility would be of the same general character.

The MND further found that there would be a less than significant impact on light or glare, as it would be required to comply with Victorville ordinances regulating the same.

Therefore, CEC finds that, on the basis of the entire record before it, that the proposed project has a less than significant impact on aesthetics.

### **Agriculture and Forest Resources:**

The Project is expected to have no impact on Agricultural and Forest Resources. The MND found that the project site is in an area zoned as industrial, and does not conflict with existing zoning for agricultural use or a Williamson Act contract. Moreover, the site does not conflict with existing zoning for forest land or timberland, and the proposed project would not cause the loss or conversion of any such lands. Lastly, the MND found that the site is not being used for agriculture and that the Project would not convert agricultural land to non-agricultural use.

Therefore, CEC finds that, on the basis of the entire record before it, that the proposed project will have no impact on agricultural or forestry resources.

### **Air Quality:**

Project generated dust would be controlled by adhering to Mojave Desert Air Quality Management District's (MDAQMD) fugitive dust requirements (Rule 43) during all grading and construction phases of the project. The applicant/developer shall prepare and submit to the

MDAQMD a dust control plan that describes all applicable dust control measures that will be implemented at the project prior to commencing earth-moving activities. Signage will be erected not later than the commencement of construction to provide contact information if dust from the project is observed. Additional dust suppression techniques include periodic watering of disturbed areas and the minimization of clearing and grading to the maximum extent feasible.

The proposed project is located within the Industrial District identified in the Southern California Logistics Airport Specific Plan and allows for a broad range of industrial activities, and the proposed project would be consistent with the emission-reduction goals of the MDAQMD Attainment Plans. The MND found that the operation of the hydrogen production facility would not cause any emissions in excess of MDAQMD thresholds for criteria pollutants (VOCs, NO<sub>x</sub>, CO, SO<sub>x</sub>, PM<sub>10</sub> and PM<sub>2.5</sub>), and thus would have no impact on the implementation of the applicable air quality plan, and would also have no impact with respect to exposing sensitive receptors to substantial pollutant concentrations.

The MND found that construction activities at the project site would have a less than significant impact, per calculations done with CALEEMod version 2016.3.2. Moreover, the impact on odors would be less than significant, since hydrogen is an odorless gas, and the use of diesel trucks at the site would not be in the vicinity of any sensitive receptors. In conjunction with the dust control measures described above, there would be a less than significant impact to air quality standards.

Therefore, CEC finds that, on the basis of the entire record before it, that the mitigation measures reduce the air quality impacts to less than significant with respect to violation of air quality standards, increase of criteria pollutants, and creation of objectionable odors; and the proposed project has no impact with respect to implementing the applicable air quality plan or exposing sensitive receptors to substantial pollutant concentrations.

### **Biological Resources:**

Joshua trees are protected by the County of San Bernardino and protected by the City of Victorville. Additionally, California Department of Fish and Wildlife has proposed the Joshua tree as a candidate for listing as an endangered species. If the tree has to be removed then a permit for removal from the City will be required along with the coordination (and possible permit) from the County of San Bernardino. A reconnaissance of the site indicates there are no Joshua trees on the property, thus no Joshua trees would be cut, damaged, or destroyed during project development, resulting in no impact. Project development would not conflict with this ordinance or any others regarding biological resources.

The MND evaluated potential impacts to five plant and seven animal species with the potential to occur at the project site. A site visit by the preparers of the MND did not reveal evidence of any protected or sensitive species on the site. Nevertheless, the MND specified mitigation measures to protect desert tortoises, Mojave ground squirrels, and burrowing owls, should any be found during construction of the proposed project. Therefore, any potential impacts will be less than significant with such mitigation incorporated.

The project site is not located in a riparian habitat, and no federally-protected wetlands or waters of the United States are on or adjacent to the site. The site is within an industrial zoned area, and thus would have no impact on the movement or migration or nurseries of fish or



wildlife. Lastly, the industrial zone nature of the site means that that proposed project would have no impact on any local, regional or state conservation plan.

Therefore, CEC finds that, on the basis of the entire record before it, that the biological resources impacts are less than significant with respect to sensitive or special status species, with mitigation incorporated; and that there will be no impact with respect to riparian habitat, wetlands, movement/migration of wildlife, or any conservation plan.

### **Cultural Resources:**

The MND found that the project site is not in the National Register of Historic Places, nor in the California Register of Historical Resources. Given that the project site was formerly part of George Air Force Base, the MND found that there would be no impact to archaeological resources.

In the event that cultural resources are discovered during project activities, all work in the immediate vicinity of the find (within a 60-foot buffer) shall cease and a qualified archaeologist meeting Secretary of Interior standards shall be hired to assess the find. Further work may be warranted if the discovery is significant. Additionally, if human remains or funerary objects are encountered during any activities associated with the project, work in the immediate vicinity (within a 100-foot buffer of the find) shall cease and the County Coroner shall be contacted. The likelihood of the project area containing human remains is deemed low, and had been previously disturbed with George Air Force Base, the impacts to the aforementioned types of cultural resources are less than significant with the mitigation incorporated.

Therefore, CEC finds that, on the basis of the entire record before it, that the cultural resources impacts are less than significant with respect to historical resources or the disturbance of human remains; and that there would be no impact with respect to archaeological resources.

### **Energy:**

The MND found that the proposed project would assist California with meeting its goal of cutting greenhouse gas emissions to 40 percent below 1990 levels by 2030 and the health-based air quality requirements established in the federal Clean Air Act. The operation of the proposed project would create an alternative fuel over its planned lifetime and decrease the need for fossil fuels – a beneficial impact to statewide air quality. The MND remarked that there are no established thresholds of significance, statewide or locally, for what constitutes a wasteful, inefficient, and unnecessary consumption of energy for a proposed land use project.

The MND noted that construction of the proposed project would require the use of fossil fuel powered equipment and vehicles, and specified mitigation measures limiting idling of heavy construction equipment, maintaining proper tire pressure for equipment and trucks, and adjusting equipment belts to the proper tension to limit unnecessary fuel consumption. The MND found that with these measures, there would be a less than significant impact with respect to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation. Moreover, there would be no impact regarding any state or local plan for renewable energy or energy efficiency.

Therefore, CEC finds that, on the basis of the entire record before it, that the energy resources impacts are less than significant with respect to consumption of such resources; and that there

would be no impact with respect to any plan concerning renewable energy or energy efficiency.

### **Geology and Soils:**

The MND found that the project site is within a seismically active area, as is most of Southern California. However, the project site is not located within an Alquist-Priolo earthquake fault zone. The MND considered the factors set forth in the California Geologic Survey Seismic Hazards Program and reviewed maps of the site. The MND determined that the site is not within an earthquake fault zone boundary, is not in an area identified for landslide potential, and is not within an area with soils identified as susceptible to liquefaction. Since the proposed project would be required to comply with the California Building Code, and grading and construction plans would have to be approved by the City of Victorville, the MND concluded that the risk to people or structures from seismic activity or landslides was less than significant.

The MND found that the project site was previously developed, as part of George Air Force Base (AFB). Existing buildings would be re-used when possible, and other areas of the site would be paved over and landscaped, thus minimizing soil disturbance. Also, before construction of the hydrogen production facility could begin, a permit for stormwater runoff would have to be obtained, which would require the development of a stormwater pollution prevention plan, with the use of best management practices to prevent soil erosion. The MND concluded that there would be a less than significant impact regarding soil erosion or loss of topsoil.

The MND found that the project site is on deep, well-drained loamy sand with low shrink potential, and that there would be no direct extraction of groundwater. Thus, any potential impacts from lateral spreading, subsidence, liquefaction, or collapse would be less than significant. Moreover, the loamy sands under the site are not expansive, and there is a less than significant impact with respect to risks of that nature.

As the proposed project would use existing sewer lines, there would be no impacts regarding the use of septic tanks or alternative wastewater disposal systems.

The proposed project is expected to have less than significant impacts on paleontological resources. Mitigation measures require a qualified paleontologist be retained for an assessment of the project area to determine if Quaternary sediments are being disturbed during deep excavations and a process to follow if fossils are found. This mitigation will reduce any potential impacts to less than significant.

Therefore, CEC finds that, on the basis of the entire record before it, that the geology and soils impacts of the proposed project are less than significant with respect to seismic hazards, landslides, soil erosion/loss, and soil liquefaction/expansion/collapse. Furthermore, there would be no impact with respect to disposal of wastewater.

### **Greenhouse Gas Emissions:**

The MND noted that MDAQMD's (2016) California Environmental Quality Act (CEQA) And Federal Conformity Guidelines identify both annual and daily construction significance thresholds for greenhouse gas (GHG) emissions. The proposed project was compared to the MDAQMD annual threshold of 100,000 metric tons of carbon dioxide equivalent (CO<sub>2</sub>e)

annually as well as the MDAQMD daily threshold of 578,000 pounds of CO<sub>2</sub>e daily. The MND concluded that construction of the proposed project would result in a total of 369 metric tons of CO<sub>2</sub>e – well below the threshold. Operational emissions of the proposed project at full capacity were estimated to be 529 metric tons of CO<sub>2</sub>e annually – again, well below the threshold. Furthermore, the MND concluded that the proposed project would have no impact on any plan, policy or regulation intended to reduce GHG emissions.

Therefore, CEC finds that, on the basis of the entire record before it, that the GHG emissions impacts of the proposed project are less than significant, and that there would be no impact with respect to any plan, policy or regulation adopted for the purpose of reducing GHG emissions.

### **Hazards and Hazardous Materials:**

The proposed project is expected to have less than significant impacts on hazards and hazardous materials with mitigation incorporated. The MND noted that construction of the proposed project would entail the use and onsite storage of potentially hazardous materials such as fuel, paint, solvents, and the like. The MND concluded that compliance with all applicable laws, as well as the City of Victorville’s hazardous materials policy, would result in a less than significant impact regarding a hazard to the public or the environment due to the use, transport, or disposal of hazardous materials. The MND further concluded that compliance with all applicable laws, ordinances, regulations, and standards (LORS) regarding hydrogen handling, use, transportation, and disposal would ensure that any danger from such activities would also be less than significant – including any potential leaking of hydrogen.

As there are no schools near the site, the proposed project would not have any impact with respect to hazardous emissions or handling of hazardous materials within a quarter mile of a school. Furthermore, the proposed project would have no impact on any adopted emergency response or evacuation plans.

The proposed project site was included as part of former George Air Force Base and the base is listed on the Cortese list, US EPA National Priorities List. The US Air Force is responsible for the assessment and cleanup of the former base. No soil or groundwater contamination has been identified at the project site but due to its proximity to soil contamination at the former base, monitoring will be required as part of the mitigation measures. As part of the hydrogen production facility, a “blast” berm is planned for removal, mitigation measures require an assessment be conducted to evaluate the “blast” berm soils for potential contamination. Any identified soil contamination will be disposed of in accordance with U.S. Air Force requirements. With the implementation of this mitigation measure, impacts are expected to be less than significant.

As the project site is not located in an area with wildland fire potential, there is no impact with respect to exposing people or structures to any significant risk from wildland fires.

Therefore, CEC finds that, on the basis of the entire record before it, that the hazards and hazardous materials impacts of the proposed project are less than significant regarding the routine use, transportation, or disposal of hazardous materials, or from the release of such materials into the environment. CEC further finds that with the adoption of the proposed mitigation measures, the proposed project would have a less than significant impact with respect to being located on a site included on a list of hazardous materials sites and thus

posing a significant risk to the public or the environment. CEC also finds that the proposed project would have no impact with respect to any emergency evacuation or response plan, or with any hazardous emissions/materials handling within one-quarter mile of a school, or regarding any exposure to a significant risk of wildland fires.

### **Hydrology and Water Quality:**

The MND evaluated the risk of the proposed project violating any water quality standards or waste discharge requirements, or degrading surface water or groundwater quality. The MND noted that construction of the proposed project would require compliance with the National Pollutant Discharge Elimination System (NPDES) statewide general permit, which would include the development of a stormwater pollution prevention program employing best management practices – and that this would render any impacts less than significant.

With respect to operation of the proposed project, compliance with the Regional Water Quality Control Board's requirements would necessitate the preparation of a water quality management plan. This would ensure compliance with the City of Victorville's requirements, as well as the storm sewer systems permit for the Mojave River Watershed. The plan would detail stormwater treatment during project operations, and direct runoff either into the ground similar to pre-project conditions, or into a retention pond. The plan would also incorporate best management practices to maintain water quality and waste discharge requirements, and reduce impacts to a less than significant level.

The above measures would also serve to render any impacts to the existing draining pattern of the site (both during construction and operation of the hydrogen production facility) to a less than significant level. Moreover, the projected use of water during the construction and operation of the proposed project would not increase water usage to a point where it interfered with the implementation of any local water quality control or management plan. Any impacts in such regards would be less than significant. There would be a less than significant impact on groundwater supplies or recharge. There would be no risk of tsunami, seiche, or inundation due to the project's location – it is not in a floodplain, and it is far from any ocean or lake.

Therefore, CEC finds that, on the basis of the entire record before it, that the hydrology and water quality impacts of the proposed project are less than significant with respect to violation of water quality standards or waste discharge requirements; less than significant with respect to decreasing groundwater supplies or interfering with groundwater recharge; less than significant with respect to altering the existing draining pattern of the site; less than significant with respect to the implementation of any water quality control plan or groundwater management plan; and that there is no impact regarding tsunami, seiche, or inundation risks.

### **Land Use and Planning:**

No impacts are expected for land use and planning. The MND noted that the project site is on land already zoned for industrial use, and nothing about the proposed project would physically divide an established community – thus there would be no impact in that regard. The project site is on parcels of land located in the Southern California Logistics Airport (SCLA) area, built on the former George AFB. Development in this area is covered by the SLCA Specific Plan, adopted by the City. The Project is in compliance with the land use provisions of the SCLA Specific Plan. Thus, there would be no impact due to conflict with any land use plan, policy, or regulation.

Therefore, CEC finds that, on the basis of the entire record before it, that the proposed project would have no impact with respect to land use and planning, as there would be no division of established communities, and no conflict with any land use plan, policy, or regulation.

**Mineral Resources:**

No mitigation measures were identified for mineral resources and all impacts are expected to be less than significant.

The MND noted that the project site is located in a zone designated Mineral Resource Zone (MRZ) 3A – i.e., an area with known mineral occurrences of undetermined mineral resource significance – by the California Department of Conservation’s Division of Mines and Geology. There are no active mines on the site, or within the SCLA Specific Plan area. There are no active oil or gas fields in the area. The SCLA Specific Plan does not designate the area around the site for mineral resource recovery and there are no such activities within the boundaries of the Specific Plan. There would be no loss of availability of locally important mineral resources caused by the proposed project, and thus no impact.

Therefore, CEC finds that, on the basis of the entire record before it, that the proposed project would have no impact with respect to mineral resources, as there would be no loss of availability of known mineral resources that would be of value to the region and the residents of the state.

**Noise:**

The MND states that the construction contractor for the proposed project shall ensure that all equipment driven by internal combustion engines shall be equipped with mufflers, and unnecessary idling of internal combustion engines is prohibited. The Contractor shall utilize “quiet” models of air compressors and other stationary noise sources where technology exists. At all times during project grading and construction, the contractor shall ensure stationary noise-generating equipment shall be located as far as practicable from sensitive receptors, and construction shall be conducted only during the hours of 8 A.M. to 5 P.M. on weekdays, and no

construction shall occur on holidays and weekends. There are no sensitive receptors in the immediate vicinity of the project site. Therefore, construction of the proposed project is expected to have less than significant impacts on noise or ground-borne vibration.

The operation of the proposed project would entail the 24/7 usage of HVAC equipment, air compressors, steam methane reformers, and truck loading and unloading. The nearest sensitive receptor is 1.7 miles away, and noise levels at that location would be about 42.9 dBA – well under the 75 dBA permitted for industrial facilities by City Municipal Code. Ground-borne vibration from project operations is expected to be minimal – limited to truck operations on well-maintained roads far from existing residences. Furthermore, the SCLA is far enough away from the project site that employees would not be exposed to excessive noise levels. Therefore, any noise and vibration impacts from project operations would be less than significant.

Therefore, CEC finds that, on the basis of the entire record before it, that the noise and vibration impacts of the proposed project are less than significant with respect to generation of excessive ground-borne noise or vibration levels; less than significant regarding exposure of

employees to excessive noise levels; and less than significant in generating an substantial increase in ambient noise levels in excess of the standards established in the local noise ordinance.

### **Population and Housing:**

The MND noted that the full hydrogen production facility is expected to employ 50 people during its operations. The proposed project would not require any new roads to be built, or any existing ones to be extended. Impacts would be less than significant. Moreover, no existing housing would be displaced by the proposed project; hence, it would have no impact in that regard.

Therefore, CEC finds that, on the basis of the entire record before it, that the population and housing impacts of the proposed project are less than significant with respect to inducing substantial unplanned population growth, and would have no impact with respect to displacement of existing housing.

### **Public Services:**

The proposed project is expected to have less than significant impacts for public service resources. The MND noted that the City Fire Department would be responsible to provide services to the project site, and that there is a fire station less than three-quarters of a mile from the site. The Fire Department would review the project development plans to ensure compliance with the Department's requirements; hence any impact would be less than significant. The San Bernardino County Sheriff's Department would be responsible to provide police services to the project site, and will review the project development plans to ensure adherence to the Department's requirements; thus, any impact would be less than significant.

Since the proposed project would not cause a significant increase in population, there would be no need to construct new schools, and the impact on existing schools would be less than significant. The same would be true for parks and other public facilities such as libraries – any increased use stemming from the proposed project would be negligible, and no new public facilities would need to be built – thus, the proposed project would have a less than significant impact.

Therefore, CEC finds that, on the basis of the entire record before it, that the public services impacts of the proposed project are less than significant with respect to adverse impacts resulting from the need for new or altered facilities for fire protection, police protection, schools, parks, or other public services.

### **Recreation:**

The MND noted that the proposed project involves development of industrial land only. Any increase in population due to the proposed project would be negligible and thus have a less than significant impact on existing neighborhood and regional parks. No new parks or recreational facilities would need to be built or expanded due to the proposed project, and thus there would be no impact with respect to such considerations.

Therefore, CEC finds that, on the basis of the entire record before it, that the recreation impacts of the proposed project are less than significant with respect to any increase in usage

of existing parks and recreational facilities; and that there would be no impact with respect to the construction or expansion of such facilities.

### **Transportation and Traffic:**

The MND noted that the construction of the proposed project would entail temporary truck transportation of equipment and materials to the site. The MND further noted that such truck traffic is consistent with the land use and zoning designation of the site. As the heaviest equipment would arrive at the beginning of construction, and would be stored on site, vehicle traffic from construction is expected to have a less than significant impact on circulation in the SCLA area or in the City.

Operation of the full build out of the hydrogen production facility would involve up to 50 employees at the site, and 5 to 25 daily hydrogen distribution truck trips. This is allowed under the SCLA Specific Plan and the City's General Plan, and thus would not conflict with any program or plan, and any impact would be less than significant.

The MND further noted that under CEQA Guidelines section 15064.3(b), vehicle miles traveled (VMT) is the most appropriate measure of transportation impacts. The MND added that the City has adopted its own VMT guidelines, and that according to the thresholds specified therein, the proposed project is exempt from VMT analysis and meets the City's Guidelines. Thus, any impacts would be less than significant.

The MND further noted that existing local roads and highways would be used to access the proposed project, and there would be no impact with respect to substantially increasing hazards due to geometric design features or incompatible uses. Moreover, there would be no impact with respect to causing inadequate emergency access, as although proposed project construction might require temporary street closure (or partial closure) of one road, standard detours would be established to maintain emergency access. Moreover, compliance with all applicable LORS would ensure that there would be no impact on emergency access.

Therefore, CEC finds that, on the basis of the entire record before it, that the traffic and transportation impacts of the proposed project are less than significant with respect to any program, plan, ordinance, or policy addressing traffic circulation; less than significant regarding VMT; and that there would be no impacts regarding a substantial increase in hazards/incompatible uses, or inadequate emergency access.

### **Tribal Cultural Resources:**

The MND noted that several Native American tribes lived in the territory around the project site before contact with Europeans. It further noted that in accordance with statute, the City sent notification letters regarding the hydrogen fuel production facility to four tribes that had previously requested general consultation opportunities. None of these tribes responded.

The MND noted that it was unlikely for any tribal cultural resources to be found at the project site, owing to the area's former usage as George AFB. Nevertheless, the MND specified mitigation measures to be used in case any such resources were to be discovered.

A qualified archaeologist shall monitor all ground disturbing activating within native sediments. If suspected cultural resources are discovered during project implementation, the City shall be

contacted, and all work must stop until the City determines and implements satisfactory treatment measures. Any finding of human remains must be reported to the San Bernardino County Coroner, and work must stop until the City determines and implements satisfactory treatment measures. Given these mitigation measures, the proposed project is expected to have a less than significant impact on tribal cultural resources.

Therefore, CEC finds that, on the basis of the entire record before it, that the tribal cultural resources impacts of the proposed project are less than significant, with mitigation incorporated, with respect to any substantial adverse change in the significance of a tribal cultural resource as defined in Public Resources Code section 21074.

### **Utilities and Service Systems:**

The MND noted that the hydrogen production process at the after full build out of the proposed project is expected to use about 150,000 gallons of water per day. Utility services lines from the former George AFB exist at the project site, and no new lines would be required for the proposed project, although minor upgrades may be needed. Any increase in demand for waste disposal, water, and wastewater treatment services can be met by existing resources and no expansion would be required. Thus, the proposed project would have a less than significant impact in these regards.

The MND noted that the City's Urban Water Management Plan forecasts an adequate supply of water to meet any increase in demand caused by the proposed project. The proposed project will connect to existing water lines and its impacts will be less than significant in this respect. The MND further noted that the SCLA Industrial Wastewater Treatment Plant has a capacity of 2.5 million gallons per day, and that the proposed project would have a less than significant impact on wastewater treatment services.

The MND further noted that construction and operation of the proposed project would not overburden the Victorville Landfill or cause it to exceed its capacity, and any impacts regarding generation of solid waste would be less than significant. Moreover, the proposed project would be required to comply with applicable LORS, so there is no impact with respect to that concern. No mitigation measures were identified for utilities and service systems.

Therefore, CEC finds that, on the basis of the entire record before it, that the utilities and service systems impacts of the proposed project are less than significant with respect to relocation or construction of new/expanded water, wastewater treatment, stormwater drainage, electric power, natural gas, or telecommunication facilities. The proposed project would have a less than significant impact on available water supplies and the capacity of the local wastewater treatment provider to meet its existing commitments. The proposed project would have a less than significant impact on the generation of solid waste, and would have no impact on compliance with federal, state, and local LORS related to solid waste.

### **Wildfire:**

The MND noted that the project is not in a designated fire hazard severity zone. Thus, there would be no impact with respect to exacerbating wildfire risks and exposing employees to wildfire pollutants. There would likewise be no impact regarding the installation or maintenance of infrastructure that would exacerbate fire risk. Lastly, there would be no impact with respect to exposing people or structures to significant risks as a result of post-wildfire runoff or



landslides or slope instability, since the chance of wildfire at the proposed project is so low, and since the project site is flat. The proposed project would comply with all applicable LORS during construction and operations in the event of an emergency or evacuation, and thus there would be no impact in such regard.

Therefore, CEC finds that, on the basis of the entire record before it, that the proposed project would result in no impacts with respect to wildfire – there would be no impact to any emergency response/evacuation plans, no impact to exacerbation of wildfire risks, and no impact to potential exposure to risks posed by runoff, post-fire slope instability, or drainage changes.

### **Mandatory Findings of Significance:**

The MND noted that impacts to biological and cultural resources would be mitigated to less than significant with the incorporation of mitigation measures included in the MND. Any cumulative impacts or direct or indirect impacts to human being would be less than significant with the implementation of the mitigation measures included in the MND.

## **VI. Conclusion.**

Pursuant to my work in developing the proposed project, including the Scope of Work for the proposed project, I have reviewed the MND, including mitigation measures, CUP, Site Plan, filed Notice of Determination and related documentation.

Based on my review and consideration of the above documents, it is my independent and professional opinion that, since the above CEQA documents have been finalized, there have been no new project changes, and no new, additional, or increased significant environmental impacts have occurred. Furthermore, I have not identified any new information which would change the conclusions of the City's CEQA documents or render those conclusions inadequate. It is also my independent and professional opinion that the work to be performed under the proposed project falls within the scope of the MND, and that the proposed project will not result in any new significant environmental impacts. Finally, I have not identified any new mitigation measures, within the Commission's authority, that would lessen or further mitigate the impacts of the proposed project.

The reasons for my conclusions are as follows:

As discussed above, the project analyzed in the MND included the additional equipment (electrolyzers, compressors, fueling bays, steam methane reformer) for the proposed project as well as the work funded in the existing grant agreement. Additionally, the City confirmed that the Site Plan and CUP approved in 2021 covers the proposed project to increase hydrogen fuel production from 5,000kg/day to 10,000kg/day and that no further entitlement or CEQA review is necessary. The renewable hydrogen fuel to be produced by the proposed project will have a low carbon intensity that will provide a substantial decrease to greenhouse gas emissions by displacing gasoline and/or diesel use in fuel cell vehicles. Since the renewable hydrogen fuel will be produced by utilizing renewable electricity and biogas, it creates a beneficial solution towards sustainability and reduce greenhouse gas emissions in the San Bernardino County and surrounding areas. The proposed project would also provide jobs to the local community and reduce the need to rely on fossil fuels. The proposed project

would provide social, economic, and environmental benefits to San Bernardino County and to California. The proposed project will be located at the same site of phase I of the hydrogen production facility.